

WORLD NEWS

Hart ends
presidential
campaign

Gary Hart yesterday pulled out of the race for the US Democratic Party's Presidential nomination, with a bitter attack on the system for selecting political leaders and on the role the press plays in it.

One newspaper had claimed that he had an association with an actress, and it was reported that the Washington Post was about to publish allegations about a relationship between a woman. Back Page

Gang awaits sentence

Four leaders of the Chelsea Mob football hooligans will be sentenced on Monday. Police infiltrated their organisation and they were convicted in London of conspiring to plan fights.

Zeebrugge ferry claim

Townsend: Thoresen is still operating a system similar to that which contributed to the capsize of the Herald of Free Enterprise, the chairman of the disaster inquiry said. Page 4

S African ban quashed

South Africa's Supreme Court quashed a government ban on foreign funding for the United Democratic Front, the country's biggest anti-apartheid group. Back Page, Page 2

Soviet ship attacked

A Soviet vessel has been attacked in the Gulf war for the first time, bringing nearer the possibility of superpower naval involvement to protect shipping. Back Page

Israeli jets kill 11

At least 11 people died and 40 were wounded when Israeli jets attacked guerrilla bases and a Palestinian refugee camp in southern Lebanon. Page 2

Missile cuts offered

The US offered the Soviet Union a draft treaty providing for a 50 per cent cut in long-range strategic nuclear weapons by 1994. Page 2

Curbs for acid rain

British ... coal-fired power stations are to be fitted with burners to reduce emission of gases that contribute to acid rain. Back Page

Rethink on farmland

The Government has toned down its plans to relax controls over development on agricultural land. Page 4

Self-defence for women

The Home Office is to distribute half a million copies of a free booklet telling women how to defend themselves.

Files bill in Lords

A private member's bill to require local councils to give more access to personal files was given an unopposed second reading in the House of Lords. Page 4

New Vietnam purge

Vietnam leader Nguyen Van Linh announced another Communist Party purge and said economic reforms did not mean a return to capitalism. Page 3

Sixteen die in jail

Sixteen prisoners on death row died when armed police broke up a riot and escape attempt in which the executioner was beaten unconscious. Nigerian newspapers reported.

Strawberry protest

Spanish farmers threw cow dung at France's embassy in Madrid, in protest at French import quotas for Spanish strawberries. Page 10

MARKETS

DOLLAR

New York: Lunchtime: DM 1.79; FF 5.9803; SF 1.473; Y159.7

London: DM 1.7588 (1.7775); FF 5.9726 (5.945); SF 1.47 (1.46); Y139.65 (139.35)

Dollar index 100.2 (99.6); Tokyo close 139.08

US LUNCHTIME RATES

3-month Funds 6.4%; 3-month Treasury Bills: yield: 5.57%; Long Bond: 8.8%; yield: 8.805%

GOLD

New York: Comex June latest \$486.10; London: \$485.25 (\$485.50)

Gold price changes yesterday, Back Page

BUSINESS SUMMARY

ABF buys
23.7% stake
in Berisford

ASSOCIATED BRITISH Foods, food manufacturer, paid \$133.2m yesterday for a 23.7 per cent stake in UK sugar refiner and commodities trader S & W Berisford.

The purchase, intended as a long-term investment, follows the blocking in February by the Monopolies and Mergers Commission of rival bids for Berisford by Ferruzzi of Italy and the Tate & Lyle sugar group. Berisford is held by the Ferruzzi subsidiary, Agricola. Back Page

EQUITIES soared in response to the local election results and news of a further cut in base rates. The FT-SE 100 Index recorded its biggest daily rise, 1.7%

Confidence that the Government will win a third term in office seems to have surged as foreign funds poured into UK Government bonds and corporate equities and forced the Bank of England to allow the second cut in base rates in two weeks.

On the Stock Exchange, the FT-SE 100 shares index recorded its largest ever daily rise while, on the UK Government bond market, prices opened 1.1 percentage points higher after enthusiastic Japanese buying in the Far East.

Despite the interest rate cut and what are believed to have been substantial sales of sterling against the dollar by the Bank of England, the pound continued to rise, trading at one point above the key DM 1.60 level.

Sterling's strength fuelled speculation that base rates may drop further still, despite claims from the Bank of England that the UK local election results began to filter through.

The intervention continued throughout the European day.

It appears clear that the authorities intend to resist market pressure for lower interest rates but there also seems to be a recognition that massive investment flows into British securities via the currency market could overwhelm

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OVERSEAS NEWS

Volvo, Mitsui in deal to build buses in Japan

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

VOLVO, the Swedish car, energy and food group, is to enter the Japanese bus market in a joint venture with Mitsui, the Japanese trading house, and A.J. Heavy Industries, the engineering group and maker of the Subaru car.

Volvo is to supply complete chassis from Sweden, while the bodies will be produced locally by Fuji.

Mitsui has overall responsibility as importer for the venture, and it is expected that the marketing of the buses will be handled partly by Nissan Diesel Motor and Isuzu Motors.

Mr Juergen Koenig, marketing director of Volvo Bus, said the joint venture should be completed by the end of 1987 and it was hoped to sell 30-50 units a year in Japan from 1988.

The bus, which has been specially adapted to gain type-approval for the Japanese market, is the so-called Super-Hi-Decker luxury tourist bus aimed at the upper segment of the market with a price of about SKr 12m (£121,000) for each unit.

Volvo gained its first foothold in the Japanese bus market in 1984 when it supplied 100 articulated buses; the bodies were produced by Fuji—for transporting visitors to the 1985 Tsukuba World Exhibition.

Volvo's breakthrough in

US offers 50% cut in long-range missiles

By William Dullifore in Geneva

Japan has been strongly helped by the appreciation of the Japanese yen. It is also discussing other bus projects with Mitsui, including the future supply of articulated buses.

Meanwhile, the Swedish household appliances and industrial group, which is also the leading European maker of car seat belts, is to form a joint venture with Fuji Kiko of Japan to develop, produce and market personal safety equipment for motor vehicles.

The Swedish group's car seat-belt subsidiary, Electrolux Autoliv, said the joint venture to be called Fuji Autoliv KK, was aimed at substantially increasing its market share in Japan through the introduction of new and advanced technology.

Carlo Rapoport adds from Tokyo: Volvo and Fuji are also reported to be considering a possible tie-up on cars, but Fuji said yesterday that no decision had yet been reached. Such a deal would be advantageous to Fuji, which is keen to expand its share of the European market.

Volvo's \$500m (£312m) joint venture with Isuzu in the US will start construction next week in a suburb of Lafayette, Indiana. It will be the seventh Japanese car plant in the US, with production aimed to start by November 1988.

Kohl sends Bluem to end party squabbling

BY PETER BRUCE IN BONN

CHANCELLOR Helmut Kohl of West Germany has persuaded his popular Labour Minister, Mr Kurt Biedenkopf, and his "first" deputy, Mr Dieter Puetzhofer, to leave the Christian Democratic (CDU) Party in the key state of North Rhine Westphalia later this month in an attempt to end chronic party infighting there.

The state is home to about a third of the West German population and is the only large one which the CDU or its Bavarian sister, the Christian Social Union (CSU), does not control. The CDU was soundly beaten by the Social Democrats in state elections in 1985. Since then, the Christian Democrat organisations in the Rhineland and Westphalia have merged, but with disastrous results, as both sides have tried to claim influential positions.

Mr Bluem has a sharp national profile and though he comes from the state, is not closely identified with any of the old factions. However, he is reported to be insisting that his nomination by the CDU executive in the state be unanimous. Not would he be in his federal cabinet post if elected.

Fortunately for Mr Kohl and his party, the next poll in the state is scheduled for 1990. The current crisis has come

Bonn sees growth slowing

BY DAVID MARCH IN BONN

THE West German Government has revised down significantly its economic growth forecast for this year to just under 2 per cent, underlining the economic stagnation of the past few months.

Government officials last night confirmed that an inter-ministerial committee of experts, which is drawing up forecasts of tax revenues this year, were now working on an assumption just over 0.5 points below the forecast made by the Government in January of 2.5 per cent growth this year.

Therefore, any action by the Government to cut taxes further this year to stimulate the economy is an option being urged only a few months ago by the Free Democratic Party, which controls the Economics Ministry — has now been practically ruled out.

Easing of pay curbs promised by Papandreu

By Our Athens Correspondent

GREEK wage-earners were promised yesterday that their let would ease next year. A two-year economic stabilisation programme introduced by the Socialist Government, has virtually frozen wages and salaries.

Mr Andreas Papandreu, the Prime Minister, admitted yesterday that the first four months of this year had seen deviations from economic targets but these were "slight" and "under no circumstances will stabilisation continue after the end of 1987."

The authorities privately cast serious doubt on the prospects for a further 10 per cent inflation rate and a reduction of the net public sector borrowing requirement from approximately 14 per cent of gross domestic product to 10 per cent.

The Prime Minister said in a March interview that some form of stabilisation would continue

Go-ahead for Greece to control Aegean oil group

By ANDRIANA IERODIACONOU

THE GREEK Parliament has passed a bill allowing the state to acquire control of NAFC, the international consortium developing offshore oil deposits in the North Aegean Sea, with or without the agreement of the interested companies.

The bill was passed despite rejection by the conservative opposition.

Mr Anastasios Papanikos, Minister for Energy and Industry, said the Government would immediately call the consortium partners, who are led by Denison Mines of Toronto, to negotiations.

In the bill it would seek an effective veto power for the state Public Petroleum Corporation (DEP) over all NAFC oil exploration activities, as foreseen by Article Two of the bill. DEP has been a minority partner in the consortium since 1985.

Senate backs bill to impose oil import tax

By Nancy Dunn in Washington

THE SENATE Finance Committee has approved tough trade legislation which would allow for the imposition of an oil import tax and require the President to retaliate against closed foreign telecommunications markets.

Absent from the bill is a measure which would require the nation to "exert pluses" to reduce their trade with the US according to a numerical formula.

The Government's main goal was never the purchase of the majority of the shares or the seizure of property. We're interested in securing control over oil exploration, he said.

The Greek Government is aiming to acquire direct control over oil exploration activities in the Aegean in order to minimise the risk of a possible clash with Turkey.

The two countries have been involved in a tense dispute over continental shelf rights in the Aegean Sea since the mid-1970s. The President has vowed to veto any bill containing the Gephart measure, but the Administration also opposed the telecommunications provision, saying it contains "overly restrictive" negotiation deadlines.

Shamir bid to block talks row

BY ANDREW WHITLEY IN JERUSALEM

PRIME MINISTER Yitzhak Shamir will make one last effort to prevent a key and decisive showdown at a meeting of Israel's policy-making inner-Cabinet on Monday over the controversial international peace conference proposal.

At Sunday's weekly session of the full coalition Cabinet, the Likud leader—fighting to block the prospective conference—is expected to table two counter-proposals to the US-drafted plan being promoted by his arch-rival, Mr Shimon Peres.

Details of the plan, which is to be called the "Strategic Defence Initiative" by the US, are to be finalised at a meeting of the US, Soviet and Jordanian delegations in Geneva on Monday.

Mr Ronald Reagan, chief US negotiator on strategic arms, said the draft built on earlier agreements with the Soviet Union.

President Ronald Reagan and Mr Mikhail Gorbachev agreed in Reykjavik last October to cut strategic nuclear delivery vehicles to 1,600 on each side with a ceiling of 6,000 warheads each.

The US draft submitted yesterday lengthens the period for completing the reduction to seven years from the five agreed at Reykjavik and calls for sub-limits on different categories of weapons which the Soviet Union claims had been discarded at Reykjavik.

A seven-year term should give the Soviet Union the flexibility it says it needs to agree on the sub-limits, Mr Lehman said.

Washington's concern is to prevent the Soviet Union from meeting the overall 6,000 warhead limit by destroying older weapon systems while retaining most of its more accurate, more powerful missiles.

Mr Lehman said previous nuclear weapon agreements such as SALT-1 and SALT-2 had differentiated between systems. The sub-limits sought by the US would impose constraints on ballistic missile warheads.

After the Reykjavik meeting, US officials said Washington was proposing a well-informed military observers in Amman.

King Hussein, Lt-Gen Zaid bin-Shaker, the Commander-in-Chief, and the General Staff favour the Tornado ADV Interceptor variety. But the Air Force is pressing for its French rival as the advanced defence aircraft urgently required to replace its ageing Mirage 5s.

Jordan's concession is for 40 aircraft, enough for two squadrons, together with training versions. With support systems, training, spares and weapons, any such deal would probably be worth about \$2bn (£1.2bn).

Competition began when the Kingdom looked for other suppliers after the US Congress blocked the sale of F-20s or F-16s requested from the RAF. Any commitment by a US aircraft manufacturer to Jordan would only mean further slippage.

Another important factor in the final outcome may be the manoeuvrings of leading Jordanian arms sales agents. Commissions of up to 10 per cent are a feature of Jordanian weapons purchases, a fact not generally appreciated in the West.

Part from the intrinsic merits of the Western aircraft

This would circumvent the outstanding point in the Peres plan of Soviet and Palestinian representation.

In a sharp reference to Likud's tactics, Mr Michael Rubin, Labour Defence Minister, yesterday attacked Mr Shamir over the blocking last month of a planned visit to the region by Mr George Shultz, US Secretary of State.

Mr Shultz was to have come to "finalise the cornerstone agreed on between us and the Americans, and through them with Jordan." Mr Rubin told the Army Radio.

A spate of scare stories emerged from official circles this past week about the "secret agreements" Mr Peres is said to have reached with Jordan's King Hussein.

One account—firmly denied by the Labour Foreign Minister—claimed that Peres had been given a "secret" proposal for joint administration with Jordan of the occupied West Bank region, including East Jerusalem, during a "transition period."

With Mr Peres continuing to exude a breezy confidence, Labour Party strategists now believe they could muster a parliamentary majority next week to force a dissolution of the 30-month-old National Unity Government if Monday's inner Cabinet decision goes against them.

Mr Yitzhak Shamir (right) may try to push idea of small-scale conference with restricted participation.



S African black unions fear more restrictions

By Anthony Robison in Johannesburg

SOUTH AFRICA'S black trade unions and extra-parliamentary religious and political groups which receive income from abroad are preparing for a cut-off in funds and increased restrictions on their activities following the whites-only elections. Clear hints of a clampdown on extra-parliamentary opposition came from President F.W. de Klerk, whose National Party swept back to power but faces a stronger right-wing opposition.

Mr de Klerk said the Government had received a clear mandate to ensure security as a primary objective. He added that any change would have to take place through Parliament and negotiations with "black leaders who believe in peace."

The Government would "take a very strong stand on extra-parliamentary actions as well as the financing of organisations from outside our country."

Last October the Government cut off foreign funding for the anti-apartheid United Democratic Front by declaring it an "affected organisation." But yesterday, Mr Justice Dikos of the Natal Supreme Court overruled the decision on a technicality. The Government is expected to re-introduce the amended declaration shortly and broaden its application to withhold foreign funding from other organisations.

Meanwhile, union fears that the black union movement will now be the target of repression have been strengthened by Thursday's bomb blasts in the basement of Coetzee House which houses the Congress of South African Trade Unions and many affiliated unions.

Indian minister cancels US visit

INDIA yesterday cancelled a visit to the US by Mr Narayan Dutt Tiwari, External Affairs Minister, because it believes it has failed to persuade the US not to supply neighbouring Pakistan with airborne warning and control system aircraft (Awacs), writes John Elliot in New Delhi.

It suspects the US is about to agree to lease Awacs to Pakistan and that this might be announced in the next few days when Mr Yaqub Khan, Pakistan Foreign Minister, is expected to visit Washington.

India is also angry that the US is going ahead with a \$1bn five-year defence and economic aid package for Pakistan in spite of widespread suspicions that Pakistan has, or is on the brink of, having a nuclear bomb.

Chinese to expel Japan journalist

CHINA is to expel a Japanese journalist for allegedly "stealing national intelligence"—a move that will further strain its already troubled relations with Japan, writes Robert Thomson in Peking.

He is the third foreign correspondent to be expelled in the past year, and his departure reflects the fact that China's security organs have become more aggressive since the fall of Hu Yaobang, Communist Party General Secretary, in January.

The journalist denied the Chinese allegations, and said his expulsion was "obviously linked" to China's sustained criticism of Japan in recent days.

US jobless rate falls

THE US unemployment rate fell 0.3 per cent in April to 6.3 per cent, its lowest point in the Reagan Presidency, the US labour Department reported yesterday, writes Nancy Dunn in Washington.

Most of the gains were in services, but employment in the goods production sector rose slightly as employment picked up in construction and in some factories.

Malta election today

MALTA's 247,000 voters will today decide the fortunes of Premier Dr Carmelo Mifsud Bonnici and his arch-rival opposition and nationalists Party leader Dr Eddie Fenech Adami in a bitterly-fought election campaign, writes Godfrey Grima in Valletta.

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Jordanian military split over purchase of Tornado or Mirage

BY RICHARD JOHNS IN AMMAN

THE Jordanian military establishment is deeply divided over whether to seek the purchase of the Tornado made by the Anglo-German Panavia consortium or the French Mirage 2000, according to well-informed military observers in Amman.

King Hussein, Lt-Gen Zaid bin-Shaker, the Commander-in-Chief, and the General Staff favour the Tornado ADV Interceptor variety. But the Air Force is pressing for its French rival as the advanced defence aircraft urgently required to replace its ageing Mirage 5s.

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Further Japanese proposals on other issues in the new round-safeguards, trade in

services, intellectual property and strengthening the Gatt system are expected in coming weeks. The government has yet to decide whether to make proposals on agriculture or non-tariff barriers.

Japanese business leaders have appealed to the US Congress not to approve a bill increasing the Government's powers to retaliate against counterfeiting products. They say it would increase the danger of disruption to legitimate imports because it would remove the requirement to show that injury was being caused and would shorten the time for enacting a temporary exclusion order.

Developing countries will not be expected to give up their tariffs on industrial goods. The most important contribution they could make, Japan believes, would be to "bind" a lot of the tariffs—that is, make an international commitment that the rates would not exceed a specified level.

Further Japanese proposals on other issues in the new round-safeguards, trade in

platinum and other minerals. Under the proposed arrangements, traditional Aboriginal owners will continue to control exploration and mining activity on their land through existing land councils. But this power will be limited to a once-only consent at the exploration stage and the negotiation of terms and conditions for both exploration and mining.

Mining companies have grown increasingly angry that only one exploration agreement has been reached out of some 150 applications since the Government introduced its Aboriginal rights legislation for the Northern Territory in 1976. They say that Australia, with its serious balance of payments deficit, cannot afford to have half the territory "locked up."

They say the region has great exploration potential, for gold

and other minerals. The agreed terms and conditions must cover only compensation for damage or disturbance to Aboriginal land.

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African
lack union
ear more
restrictions

OVERSEAS NEWS

UK NEWS

PHILIPPINES ELECTION

Campaign disorder raises fears of an unruly Congress

BY RICHARD GOURLAY IN MANILA

PRESIDENT Corazon Aquino will take another important step towards fulfilling her promise to restore democracy in the Philippines when elections are held on Monday for the first independent legislature in 15 years.

It has been a stormy transition from quasi-dictatorship under President Ferdinand Marcos to Southeast Asia's only genuine democracy, but one that Mrs Aquino has pushed doggedly. She has survived attacks from left and right, but remains under fire during these elections.

Take part in the electoral process for the first time is a left-wing party, Partido ng Bayan. The Government claims it is linked to the Communist movement which has led an insurgency for 18 years. At the other end of the spectrum, there are candidates who have cranked up the same political machines that helped keep Mr Marcos in power for 20 years.

Vote buying, intimidation and falsification of voter identity papers have already surfaced. Troops have been drafted into trouble-spots and there have been more than 65 election-related killings during the campaign, according to military report.

As the two-month election campaign came to a climax last week, Mrs Aquino attacked the opposition, claiming that it would be "an obstructive force" that was "only interested in seizing power by promoting instability". She has said she sees no need for an opposition and has appealed to voters to elect only their chosen candidates to the 24-member Senate. The pundits, with very little to go on, believe Mrs Aquino's ticket will win a two-thirds majority in the Senate. The 250-seat House of Representatives is a different matter, but Mrs Aquino has an ace up her sleeve because the constitution allows her to choose 50 representatives after the election.

Police officials say they have concentrated on the senatorial race and that party discipline

Vietnam's leader launches another purge of party

Vietnam's LEADER, Nguyen Van Linh, has announced another Communist party purge and warned officials not to think his economic reforms would allow a return to chaotic capitalism, Hanoi reports from Bangkok.

The politburo "will soon launch a vigorous campaign to purify the party" of corrupt members and retire those living off their revolutionary laurels, Hanoi Radio quoted him as saying. Some officials were nursing what capitalism by advocating what it worked, independently of Marxist central planning, he said.

Linhs, who has pressed vigorously for change since becoming party chief in December, has criticised Vietnam's former leaders for an "old-cut approach" towards such problems.

Asean to send Kampuchea peace mission to Hanoi

BY JOHN MURRAY BROWN IN

INDONESIA's Foreign Minister, Dr Mochtar Kusumadewa, is to visit Vietnam next month to try to revive peace talks on the conflict in neighbouring Kampuchea.

His visit is part of a concerted effort by the Association of South-East Asian Nations, which has long called for the withdrawal from Kampuchea of an estimated 240,000 Vietnamese troops. It comes against a background of dramatic leadership changes in Hanoi, which are expected to herald badly needed reforms of the economy. It also follows the visit to the region in March of Mr Eduard Shevardnadze, the Soviet Foreign Minister, whose country is a key player in any resolution of the conflict.

Dr Mochtar's trip is part of a two-pronged diplomatic initiative by Asean which will see Thailand's Foreign Minister,

Labour stalwarts feel the pinch in Liverpool

Ian Hamilton Fazey finds sitting MPs at risk of being unseated

LIVERPOOL voted for Labour and the Alliance in almost equal numbers in the local government elections, with total Conservative support collapsing to less than 10 per cent of the votes cast. By winning 43 of the 59 seats at stake Labour kept control of the city, but the Alliance just outpolled it in the total popular vote.

Although the results left the Alliance disappointed not to have captured Liverpool, there was consolation in that detailed analysis of the results yesterday showed the party clearly leading in two Labour-held parliamentary constituencies — Broadgreen and Garston.

The composition of the new council will be Labour 51, Alliance 44, Conservatives four. Before the disqualification of 47 Labour councillors by the House of Lords in March, the composition was Labour 54, Alliance 37, Conservatives seven, with the Alliance taking a by-election.

For the 200 elected seats in the lower house, there are more than 1,800 candidates. Mrs Aquino has been unable to choose an Administration candidate for more than a third of these seats and in some cases has blessed two candidates for one seat. Administration officials are concerned that the pro-Aquino vote could be split, letting in opposition candidates, but have agreed to whip the party line home to the manoeuvre of the President, according to her spokesman, Mr Teodoro Benigno.

Many analysts believe the lower house could, as a result, be an unruly mob unless a strong party whip is applied. When the newly elected Congress first sits it will resemble a fresh term at a school where everyone is a new boy. All the committees, alliances and channels of communication with the executive branch, that newly elected legislatures would normally inherit, will have to be established from scratch.

Mrs Aquino appears to want Congress to take the initiative and propose legislation — some observers say she sees the restoration of democracy as an end in itself. Benigno, who describes her government style as *ad hoc*, says she has no special programme she wants to push through the new legislature.

Her priorities remain improving relations with her restless military, elements of which have been involved in at least three failed coups, continuing to push for economic recovery and ensuring that loyal Marcos men do not "spread their tentacles" through the country again, said Mr Benigno.

The most immediate issues on the new Congress's agenda will be an autonomy bill for the parts of Mindanao island. Muslim rebel leaders have recently threatened to resume their 14-year insurgency if their demands are not met. Longer term, Congress will have to legislate for agrarian reform including redistribution of the ownership of large estates.

While the political centre is trying to breathe life into the new democracy, the Administration clearly still sees itself under siege. 1987 is a critical year and Mrs Aquino's political enemies know this," said Mr Benigno, referring to opposition on the right. The Administration is equally wary of the intentions of the left-wing Partido ng Bayan, during the election. Mr Villafuerte said: "They are trying to make a determined bid, under left-wing groups including the New People's Army, to show how strong they are."

Overall, the Alliance won 44.4 per cent of Thursday's total votes, against Labour's 44.3 per cent and the Conservatives' 9.8. Others accounted for 1.7 per cent.

On the basis of Thursday's voting, the standing of the parties in Broadgreen is Alliance 54.3 per cent, Labour 37.4 per cent and the Conservatives 7.2. This means that the sitting MP, Mr Terry Fields, a leading supporter of Militant, is at risk of being unseated.

In the other Labour seat at risk, Garston, the shares of Thursday's vote were Alliance 43.3 per cent, Labour 40.2 per cent and the Conservatives 15.8. The seat, which is held by

by Mr Eddie Loydon, was always a Labour-Conservative marginal until boundary changes last time made it look safe for Labour.

The other seat where Labour was also thought to be at risk is Walton, which is represented by Mr Eric Heffer, the leading left-winger. Labour's aggregate in Walton was 52.7 per cent, against the Alliance's 38.7. With the Conservative share at only 6.8 per cent there now seems to be insufficient Conservative support for the Alliance to squeeze and unseat Mr Heffer.

At the same time, there is wide acknowledgement that the house-building programme pushed through by Labour in many parts of the city has improved many people's lives considerably.

Mr Peter Kilfoyle, the full-time Labour official put in by the party to sort out Liverpool, admits there are eight Militant supporters among the new councillors, but believes the city's electorate of 502,400 per cent or more.

Meanwhile, the Conservatives were humiliated, losing all three seats they were defending to the Alliance. Analysis of the voting figures on a par-

liamentary constituency basis confirms that this is going to mean trouble for Labour if people who voted Conservative in 1983 switch to the Alliance in 1987.

The Labour leadership immediately made noises about not co-operating with the other parties but Cardiff is now a "hung" council and some form of arrangement, however loose, will have to be made if efficient government is to continue. The era of three-party politics has arrived for the first time.

Elsewhere in Wales, Labour professes to have done well. It has captured control of two north Wales councils, Alyn and Deeside, and Wrexham Maelor, where it was previously the largest single party. Labour also made useful gains in a number of other areas, such as



Terry Fields: under pressure

ing contender is Mr Harry Rimmer, a moderate and former deputy leader of the now-defunct Merseyside County Council. If elected, he will almost certainly have Mr Neil Kinnock's full backing.

Extrapolating from the local results to a constituency basis he forecast that Labour would gain seats in the coming general election in Cardiff, Newport, Bridgend and Gwynedd south-west. The position in Swansea West, a marginal seat, was also looking much more secure.

Alliance gains eight seats to hold balance of power in Cardiff

BY ANTHONY MORETON, WELSH CORRESPONDENT

LABOUR'S confident pre-poll assertion that it would win Cardiff was thrown back in its face through the SDP-Liberal Alliance's eight-seat gain.

Although the party emerged as the largest on the council with 28 seats, it was still four short of majority. It will have to rely on the 12

Alliance members — an increase of eight — for a working majority.

The Conservatives took a tumble, losing 10 seats and outright control. The result did not altogether surprise them as Cardiff has changed hands at every election since local government reorganisation in 1974.

The Labour leadership immediately made noises about not co-operating with the other parties but Cardiff is now a "hung" council and some form of arrangement, however loose, will have to be made if efficient government is to continue. The era of three-party politics has arrived for the first time.



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UK NEWS

Plans to relax farmland control are toned down

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

PLANS FOR relaxing controls over development on agricultural land have been markedly toned down by the Government.

The Department of Environment yesterday sent a circular to local authorities, giving the criteria to be applied in evaluating planning applications to use farmland for non-agricultural purposes.

The circular contains significant changes from proposals announced in February, when it prompted the Council for the Preservation of Rural England to claim it had won a major victory.

The circular follows decisions to keep open rural schools once destined for closure and to abandon plans for disposal of nuclear waste at shallow dumps.

The measures suggest the Government is anxious to attract the green vote and to shore up its political support in the countryside, in preparation for next month's expected general election.

The basic element of the Government's approach to farmland control has been that farmland is not necessarily best used for farming now as agricultural surpluses have reached embarrassing levels.

Caterpillar decision expected to be delayed

By James Burton, Scottish Correspondent

THE MANAGEMENT of the Caterpillar tractor plant at Uddington, near Glasgow, is expected to delay for three months any decision on the sale of the factory.

In its definitive circular,

the Government sought to meet the opposition by specifying the quality of agricultural land

should be taken into account when looking at development proposals. It also said there was a continuing need to protect the countryside for its own sake, which pleased the CPRE.

The circular stressed there is no change in the scope of planning control, leaving individual control in handling development planning applications to local authorities.

It also returned to the Ministry of Agriculture, a consultative role in the planning process over larger sections of the countryside than would have been the case in the February proposals.

The new instructions to local authorities concern land outside green belt, national parks and areas of outstanding natural beauty, where policies of conservation remain unchanged.

Winding-up of new town bodies agreed

BY HAZEL DUFFY

THE GOVERNMENT has rejected pressure in the north-east to delay the date for the winding-up of the new town development corporations in Washington and Aycliffe and Peterlee.

Mr John Patten, minister for housing, urban affairs and construction, told the Commons yesterday that the Corporations would be wound up on March 31 next year.

His decision follows a round of consultations to which he agreed last December. During them the corporations argued that they wanted the date of the winding-up delayed so that they could continue their job creation role. The towns have had some success on this score, and notably Washington, Tyne and Wear, which captured the Nissan plant.

The three towns—Aycliffe and Peterlee in County Durham and Washington in County Durham—are run by one development corporation—will dispose of their remaining assets to the private sector as far as possible.

The Government confirmed its intention that English Estates should buy the indus-

trial assets not yet sold. Any remaining assets and liabilities will be transferred to the Commission for the New Towns after next March.

Aycliffe and Peterlee, which have a combined population of nearly 50,000, have to date disposed of £27.1m of assets, including the town centres of both towns. However, demand for their industrial property is weak.

Washington, Tyne and Wear, which has a population of 56,500, has sold assets worth £18.7m. Disposal of the town centre will prove more difficult because of large retail developments in adjacent areas. Housing in all three towns has already been transferred to local authorities.

● The Government yesterday approved urban development grant totalling £4.5m towards a £15.8m public sector housing scheme on part of the former Hawthorn Leslie shipyards in Hebburn, south Tyneside.

The scheme, involving 486 houses on 29 acres, is to be carried out by Bellway.

US move in spy book case

FINANCIAL TIMES REPORTER

THE GOVERNMENT'S attempt to silence press reporting of the memoirs of Mr Peter Wright, a former MI5 officer, could move to the US courts, it was revealed in the High Court yesterday.

Mr John Laws, for Sir Michael Haverty, the Attorney General, said Sir Michael was taking advice on what legal action could be taken to stop further publication of allega-

tions about Secret Service misconduct, which have so far been syndicated to 400 newspapers across the US.

News of the Government's action was revealed on the second day of an attempt by The Guardian and The Observer newspapers to lift, or very much reduce, a ban on them from publishing any of Mr Wright's disclosures.

The hearing was adjourned until Monday.

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Imperial Foods chief to head airports authority

BY LYNTON MCLEIN

MRI JEREMY MARSHALL, chief executive of Imperial Foods, a Hanson Trust Company, is to be the chief executive of BAA, formerly the British Airports Authority, which is to be privatised by the Government next month or in July.

Mr John Moore, Transport Secretary, announcing the move, said yesterday Mr Marshall would be appointed to his post on June 15.

The post of chief executive is new to BAA and its predecessor authority. Mr Moore announced in January that Mr John Mulroney, BAA managing director, would retire from the board at the end of this month.

The Society of Motor Manufacturers and Traders reported yesterday that new car registrations in April fell by 9.73 per cent to 153,587 as compared with the same month last year.

The car makers, usually increase prices by six months, but last weekend Austin Rover led the way in the current round with a 2.4 per cent rise. GM is expected to follow the example.

The car makers, usually increase prices by six months, but last weekend Austin Rover led the way in the current round with a 2.4 per cent rise. GM is expected to follow the example.

Austin Rover said yesterday after months of being disappointed with its results so far, particularly as it has revised and sharpened its marketing and advertising approach.

In April Austin Rover's share

rose by 1.75 per cent ahead compared with last year at 890.55p. Ford continued to gain ground last month after the

substantial rise in the D-Mark against the pound was still causing them difficulties. Ford also noted it had to fund its £1.46bn, five-year investment programme.

Austin Rover said it wanted to avoid putting up prices close to the end of the year, which indicated it might wait until September before making another increase.

The Society of Motor Manufacturers and Traders reported yesterday that new car registrations in April fell by 9.73 per cent to 153,587 as compared with the same month last year.

However, sales for the first four months of this year were still 1.75 per cent ahead compared with last year at 890.55p.

Ford continued to gain

ground last month after the

Investment monitoring group in takeover talks

BY ERIC SHORT

THE WM COMPANY, one of the world's largest providers of investment performance measurement services, yesterday announced it was holding talks with Bankers Trust New York Corporation, the eighth largest banking group in the US, with a view to being acquired by it.

No details of the deal have been revealed.

The WM Company was established in 1967 as the computer services division of Wood Mackenzie, the stockbroking firm. It became a separate company in 1984, when Wood Mackenzie was acquired by Hill

Samuel, the merchant banking group. The equity of the renamed company is held by company executives and various former Wood Mackenzie partners.

However, Mr Dugald Eadie, chief executive of WM Company, said the deal with Bankers Trust would be a cash arrangement with a loan element not involving equity. The price would be far less than the £20m paid for Wood Mackenzie.

Investment performance measurement services is the group's largest function, but WM has been expanding its valuation and custodian services to clients.

Ferry inquiry calls for review of procedure

BY ERIC SHORT

TOWNSEND THORESEN is still operating a similar system to that which contributed to the capsizing of the Herald of Free Enterprise ferry, the disaster inquiry heard yesterday.

Chairman Mr Justice Sheen said there was still no instruction for a deck officer to ensure the how doors were closed. A memo issued 17 days after the disaster by Mr Peter Ford, chairman of Townsend Thoresen was "unsatisfactory".

A sister ship of the Herald of Free Enterprise is expected to be used at Zeebrugge tomorrow to reconstruct some of the circumstances of the disaster in which nearly 200 people died. The Spirit of Free Enterprise, which will not be carrying passengers, will be similarly loaded and trimmed to provide evidence for the inquiry.

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ANDREWS 2

Ford to raise car prices 2.1% on Monday

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LEADING car producers are to put up prices earlier than expected and at a much greater pace than the level of inflation.

The move comes at a time when new car sales have weakened considerably from record levels reached in the first quarter.

For the market leaders said yesterday its prices would go up by an average of 2.1 per cent on Monday following a 3.5 per cent rise in January which was followed by rivals Austin Rover and General Motors, the Vauxhall-Opel group.

The car makers, usually increase prices by six months, but last weekend Austin Rover led the way in the current round with a 2.4 per cent rise. GM is expected to follow the example.

Austin Rover admitted being disappointed with its results so far, particularly as it has revised and sharpened its marketing and advertising approach.

In April Austin Rover's share

rose down from 14.54 per cent to 14.52 per cent and for the year to date, it slipped from 14.79 per cent to 14.67 per cent.

The importers' share of the total market fell to just below 50 per cent in April compared with nearly 57 per cent in the same month last year. In the first four months, imports accounted for 49.38 per cent of sales against 55.09 per cent last year.

April's top 10 best-selling cars were: Ford Escort (15,725 sold); Ford Fiesta (10,878); Ford Sierra (10,224); Rover Metro (8,413); Vauxhall Cavalier (8,966); Ford Orion (8,689); Vauxhall Astra (5,989); Rover Montego 2000-series (4,580); Rover Montego 1.6 (4,255); Peugeot 205 (3,683).

UK NEWS

Raymond Snoddy reports on a success story for a US publisher

Random books a stake in Britain

WHEN Mr Si Newhouse, the American business tycoon, was wondering whether or not to buy Random House, the US publishing company, he asked: "Can it be replicated?" When told the answer was "No", he bought it.

The same could be said even more emphatically for Mr Newhouse and Random's latest purchase, Chatto, Virago, Bodley Head and Jonathan Cape, one of Britain's leading literary publishing groups.

Mr Newhouse arrived in London three weeks ago at the head of a delegation to buy the group. With it came the combined experience of nearly 150 years of British publishing and authors who range from James Joyce and Virginia Woolf to William Faulkner.

Mr Graham C. Greene, executive chairman of CVBC, and Mr Tom Maschler, chairman of Cape and a director of CVBC, went to the meeting at the Connaught Hotel with no intention of selling the company.

"I just felt the climate was changing and that it would be worth thinking about some sort of transatlantic association. I thought it would be worth exploring the possibility of a very modest investment in the group," Mr Green, nephew of author Graham Greene, said yesterday.

After a day of talking, Mr Green and Mr Maschler left the hotel having agreed on principle to sell the 76 per cent of the shares of the group they control.

Neither side will divulge how much the deal is worth, but it is believed the price is in the region of £20m. If true, this is a high price to pay for a company with a turnover of about £17m which turned in a modest loss last year and whose hopes for this year do not extend beyond an equally modest profit.

Virago, the publishing company specialising in women's novels, will remain part of the CVBC group for only a short time. A management buyout agreed last month will go ahead,



although Virago will keep sales and distribution links with the company.

To Mr Ed Victor, a literary agent who has worked for both companies, the deal is "about as perfect a fit as it is possible to imagine of a buyer and a seller."

He says: "The irony is that the federation of companies was put together to prevent take-over, especially by the Americans."

There are highly specific aspects to the deal, such as the long and close relations with many authors in common between the two organisations.

But the Random House purchase is also an example of the increasing international nature of publishing and a certain squeeze on independent, middle-sized British publishing companies.

Bids are increasingly placed on popular books for rights to the English-speaking world.

Mr Greene says: "This will give us the ability to bid for the best books on an equal basis with the bigger publishers."

Much to his surprise Mr Greene found himself on the front pages recently when his uncle wrote to The Times threatening to leave the group unless there were changes in

administration. Letters are going out to all authors, including Graham Greene, explaining the decision to sell.

Transatlantic links are getting stronger in the book world and, to a considerable extent, it is a two-way process.

Penguin, part of Pearson, which publishes the Financial Times, owns the New American Library and Viking in the US. Bertelsmann, the West German publishing group, owns both Bantam and Doubleday, and Mr Sonny Mehta, formerly of Pantheon and Doubleday, now runs Alfred A. Knopf, a Random House company.

There has been the purple of takeovers in the British industry. Heinemann, Sacker and Paul Hamlyn, all coming under the Octopus banner — but Mr Clive Bradley, director of the Publishers' Association, believes the industry is in reasonable heart.

"When publishers meet they always say they are in perpetual crisis. They are like farmers saying 'Woe, woe, it's not true. Sales have gone up 25 per cent.'

Sales of UK publishers are running at about £1.8bn a year, with exports accounting for 35 per cent. The industry is growing at about 10 per cent annually.

Mr Bradley believes the Random House-CVBC deal is "not an unattractive one" for the British publisher. "If you have to merge with someone, then I think it makes more sense to merge with a US company than another British one."

CVBC is likely to have improved access to the North American market for its titles and Random will inherit access to Commonwealth countries, particularly Australia and New Zealand.

Yesterday, it appeared that little apart from ownership had changed at the two early 18th Century houses in London's Bedford Square which form the joint headquarters of the four companies.

As he looked again at the view of the square he has enjoyed for 25 years, Mr Greene said he was convinced that Random was taking a long-term view of its British investment.

The best evidence of that is that both Mr Greene and Mr Maschler will be able to enjoy the view for another 10 years — each having been given a contract for that period as well as a place on the Random House board.

Engineering employers move on job flexibility

By David Brindle and Mani Deb

PROSPECTS OF an agreement on job flexibility and a shorter working week in the engineering industry improved yesterday after the employers tabled fresh proposals.

On the insistence of the unions involved in the protracted negotiations, the Engineering Employers Federation put forward a revised document on the planned provisions for flexible working practices.

It appeared last night that the move had largely overcome the unions' objections to earlier proposals on flexible working time. However, it was unclear whether the employers had managed to meet the unions' other main reservation — on the proposed simplification of collective bargaining.

Some unions have been concerned that this simplification would exclude them from plant-level bargaining and would clear the way for the Amalgamated Engineering Union to conclude single-union deals.

Again on the unions' insistence the federation yesterday put forward a fresh document on the collective bargaining aspect of the package. The document is expected to be discussed by the unions at a meeting next week.

The unions expect to have a final version of the package ready in time for the annual meeting on June 23 of the Confederation of Shipbuilding and Engineering Unions. The proposals would include a cut in the working week from 39 hours to 37.5 hours.

● The AEU is launching an initiative which will involve 110,000 of its members in a project to upgrade their skills for advanced manufacturing techniques.

The union will mail pamphlets and questionnaires to members in the West Midlands, south Wales and east Scotland seeking information on their training needs. In return, they will be given details of local courses, venues and costs.

The service will also be available to the public through computer-linked network of video screens which will display the latest information on training at Jobcentres, workplaces and AEU offices.

The pilot project, called Training Access Point, will be launched in Birmingham on Monday by the AEU and the Manpower Services Commission, which is providing funds and equipment.

Unions must lift efforts in new towns says Willis

By PHILIP BASSETT, LABOUR EDITOR

TRADE UNIONS must try to increase their organisation in new town areas where there is employment growth, Mr Norman Willis, TUC general secretary, said yesterday.

Mr Willis was speaking after opening a unique recruitment drive in the largely non-unionised new town of Milton Keynes.

Some unions were ignoring non-unionism in favour of self-interest and possible membership growth: "There are too many people not in trade unions for the trade union movement to spend its time arguing about who organises whom."

Speaking later, he acknowledged that the geographical organisation of many unions was becoming mismatched with changing patterns of employment dispersal.

Mr Willis said the problems of recruiting in areas of em-

ployment growth, such as new towns included:

● Moving resources from areas of declining employment where many unions had offices, to areas where unions tended not to be based, such as Milton Keynes.

● Trying to change from areas where trade unionism was an important part of work culture to those where it was not.

● Devising strategies to overcome the problems of gaining access to non-union employees to try to win them into membership.

Mr Willis added that the growth of small businesses in such towns as Milton Keynes created difficulties for trade union organisation, but such difficulties had been overcome before and would be again.

The Milton Keynes attitude

Page 7

Civil servants plan June action

By DAVID BRINDLE, LABOUR CORRESPONDENT

LEADERS of the SCPS civil servants' union yesterday backed a plan for a two-day national strike in the week thought likely to be chosen for a general election.

The scheme was being discussed last night by leaders of the sister CPSA union. However, some CPSA leaders were arguing that the union should stick to its original plan to ballot members on an indefinite national stoppage.

The unions, together representing 250,000 civil servants, have been divided on how to carry forward their pay dispute at the end of the present series of regional strikes over an offer costed by the Treasury at 4.6 per cent.

The SCPS policy, endorsed yesterday by the union's executive council and due to be put to the union's annual conference in Bournemouth on Monday, calls for a ballot on two-day national strike in the week beginning June 8 followed by a three-week series of regional stoppages.

Mr Leslie Christie, SCPS general secretary, denied that the proposed national strike was timed to coincide with a possible general election on June 11. It was, he said, simply the first opportunity to stage the action.

Mr Christie said his executive did not feel it was the right time to move for an indefinite national strike, particularly as

Nipsa, the Northern Ireland civil servants' union, which is taking action alongside the CPSA and SCPS, had also favoured continued selective action.

Whatever the decision of the CPSA's national executive committee, the union's left-dominated conference could support a call for an indefinite strike. The conference, in Blackpool, is also due to discuss the issue on Monday.

Further, the right-led executive may change its political complexion if, as expected, the union's Broad Left faction — including Militant Tendency supporters — makes gains in elections to be declared next week.

Minister welcomes worker buy-out

By OUR LABOUR CORRESPONDENT

THE GOVERNMENT yesterday gave enthusiastic endorsement to worker buy-outs of companies through employee share ownership schemes.

The service will also be available to the public through computer-linked network of video screens which will display the latest information on training at Jobcentres, workplaces and AEU offices.

Giving the go-ahead for such a scheme at the Hampshire-based Provincial Bus Company, Mr David Mitchell, Transport Minister, said: "This is a splendid example of true employee participation — true industrial democracy — and I am delighted to be able to approve it."

The total of 189 of the employees of Provincial, being renamed People's Provincial Buses, each invested £750. Their combined stake of more than £140,000 will trigger lending from Barclays Bank and

state-owned utility being sold to its employees on an equal basis.

Mr Rodney Lund, NBC chairman, said he hoped to see further worker buy-outs of some of the remaining 35 or so subsidiaries. "This is very much in the spirit of the Transport Act; it is what it was about."

This is the second such scheme to be launched in the UK on the Unity Trust pattern. The first, at Roadchef, the motorway service area operator, did not involve an initial investment by employees.

Shell chief says price of oil likely to settle at present level

By MAX WILKINSON, RESOURCES EDITOR

OIL PRICES seem likely to stabilise at present levels, Mr Peter Holmes, chairman of Shell Transport and Trading, said in London yesterday.

He told a seminar of oil economists that, after last year's collapse in prices, demand for oil had risen by 800,000 barrels per day, while production from countries outside the Organisation of Petroleum Exporting Countries, notably the US, had fallen by about 800,000 barrels per day.

This meant that the world was becoming more reliant on Opec oil, and the trend would continue unless large reserves were discovered.

He expected the demand for

started to run strongly in its favour.

With hindsight, he said it was clear that Opec had made a mistake in pushing the price up to £34 in 1979-80, when demand for its crude was strong.

The high prices which followed in the early 1980s reduced oil demand and encouraged the development of high-cost alternatives, to the detriment of Opec.

It was still uncertain if there was an oil price which could keep the world economy on course for expansion and meet the interests of producers as well. He believed that such a price would be in the range of \$15 (£28.90) to \$25 per barrel, rising with inflation.

Aid for regional product design

By HELEN McEWAN

AN inner city initiative to help regional companies benefit from top-flight product design is to be given firm by the Government.

The Department of Trade and Industry will establish three regional design centres in a one-year pilot scheme in premises donated by the private sector. These will operate as "marriage brokers" between selected local companies and appropriate product designers. The centres will be managed by the Design Council.

The first two, expected to start next month, will be in Warrington, Cheshire, and

premises donated by the Weir

Group, and the Cathcart area of Glasgow, in premises donated by the Colgate Group.

Mr John Butcher, industry under-secretary, said the third centre, to be announced, would be somewhere east of the Pennines.

Mr Butcher, announcing the scheme, said it was to help companies identify and pursue market-led opportunities to give their business prospects a boost.

It is anticipated up to 25 local companies will take advantage of the design assistance in each region. Marketing and financial advice is also being offered.

The project is a direct result of a research project conducted

last year by Michael Peters of the CBI, design consultancy, in Middlesbrough. Mr Butcher hinted the pilot scheme might be considered for inclusion in traditional regional policy if it proves successful.

The scheme differs from the funded consultancy scheme, the Government's other design initiative, where medium- and small-sized companies gain 15 days of subsidised design consultancy but only go part way along the design process.

The new hands-on scheme offers a more sustained approach with the aim of seeing a product much further down the process, if possible, from conception through to production.

THE CREATION of general management tiers in the NHS during the past three years on the recommendation of Sir Roy Griffiths, managing director of J. Sainsbury, the supermarket chain. Previously, management was departmental and decision-making was by consensus.

The association said administration had been streamlined, the provision of information had been improved, resources were being used more efficiently and professional rivalry had been reduced.

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FINANCIAL TIMES

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Saturday May 9 1987

A good box to be in

THE PRIME Minister is boxed in, of course. It has been obvious for some weeks that if she decided not to seek a general election next month she would look extremely silly. To use her own word, "frit". But it is not a bad box to be in.

The local election results confirm it; so do the latest cuts in interest rates — the fourth, incidentally, this year — and the probability of a further cut in mortgage rates to come. At present, almost everything seems to be going Mrs Thatcher's way.

There were no local elections in Scotland or in London, and the turn-out in local polls is invariably lower than in general elections, so one has to be careful about extrapolating the results from the small stage to the large. Nevertheless, one conclusion will be hard to dispute. It is that the Tories are in just about the strongest position they have been in since the general election of 1983, and this time without having to rely on the Falklands factor to help them. Not even the opposition leaders have denied that the Tories did well.

The results are, in fact, fairly close to the pattern of recent public opinion polls. The Conservatives are up around the 40 per cent level — sufficient, if they can just secure the extra percentage point or two in the final push, to give them a comfortable overall majority in the House of Commons. The Labour Party and the Alliance continue to vie for second place, though the Alliance must be feeling considerably happier than Labour this weekend.

Confidence boost

Labour has been on a downward track since the party conference season last autumn. It fared disastrously in the Parliamentary by-election in Greenwich, in February, and while nothing in this week's local results is as bad as that, it hardly looks like a party about to take off again. Indeed, when so many of its more intellectual supporters have already started talking about political realignment and the need for proportional representation after the election, morale among the stalwarts can scarcely be high. Mr Neil Kinnock must find some of his troops in faint heart.

The Alliance achieved its target of net gains of over 400 seats, which is always a boost for confidence. Yet there has always been a difference between the Alliance — and before that, the Liberal — performance in local and by-elections and its showing in general elections. The Alliance

Votes conundrum

Yet if Mrs Thatcher can continue to welcome converts from the Labour Party, she must have some concern about defections within her old established ranks. She wins the votes of skilled workers from Labour, but is in danger of losing some of the higher-educated voters to the Alliance. A strange transformation is going on: the Tories may be becoming the people's party while the Alliance and the SDP in particular represents those who would have once regarded themselves as Whigs. Labour's essential support to the unemployed, the poor and the otherwise disadvantaged could only have taken off if there had been support from the "haves" as well as the "have nots". It does not seem to have been forthcoming.

The conundrum is whether the Labour and Alliance votes should be added together to demonstrate that there is an anti-Conservative majority somewhere in the region of 60-65 in the country, or whether the figures should be more properly looked at another way round. That way they show an anti-Labour vote that shows an anti-Labour vote of 70-75. Either way, however, for the time being they benefit the Tories. Labour and the Alliance continue to fight each other at least as much as they fight the Government. It is too late to change that now.

So June 11 it must be, or thereabouts. The Conservatives showed themselves in 1983 to be very good at clearing their decks for a future election. They were rather less good at preparing their decks for the next term. The test will be whether they have learned that lesson.

IT WAS only a matter of time before Maj-Gen Richard Secord short-circuited. "I have got bigger problems to face," he exploded under relentless questioning at the joint Congressional hearing on the Iran-Contra affair. "I have got a special prosecutor across the street trying to throw us in jail for performing our duty as we saw it."

The tall, angular figure of 75-year-old Mr Lawrence Walsh was never far away from the hearing, which opened this week under the bright lights of the Senate caucus room. On stage, he and a team of 23 associate counsels, 35 FBI agents and 11 Internal Revenue Service officials have for the past four months been building a picture of the role of the major players in the scandal. Judging by his testimony this week, Richard Secord is definitely one of them.

Mr Walsh will not talk about specific individuals under scrutiny, but in a 50-minute interview this week in a downtown Washington DC office he offered some clues about the nature of the case he is preparing as "independent counsel" appointed to investigate wrongdoing in the executive branch of the US Government.

"The goal of this inquiry is to arrive at the truth and take whatever action is appropriate," Mr Walsh said. A native Nova Scotian who counts among his career highlights cracking an American pro-Nazi group in the 1930s, fighting racketeering on the New York/New Jersey waterfront in the 1950s, and as deputy Attorney General under President Eisenhower, starting an ultimately successful investigation of the Teamsters union boss Jimmy Hoffa.

He has spent most of the past 20 years engaged in civil litigation, though he had a brief spell as President Nixon's representative at the Paris peace talks with the Communists. His current job, for which he manages to combine with a continuing private practice in Oklahoma City — cannot be explained without a short history lesson.

The office of independent counsel was created in 1978 to

BRITAIN'S ELECTIONS

The battle is on, the future in doubt

By Peter Riddell, Political Editor

MRS THATCHER and her senior advisers have little real freedom of choice when they meet at Chequers tomorrow to discuss the general election date.

Even before Thursday's local elections they had become boxed in to June, almost certainly the 11th, as the Conservatives are still prepared to give the Conservatives at least the benefit of the doubt and may be swaying in their way.

The most plausible explanation is that skilled workers who first moved to the Tories in significant numbers in 1980, have now decisively turned their back on Labour. They have little time for the Alliance and have not even used it as a stepping-stone.

Votes conundrum

Yet if Mrs Thatcher can continue to welcome converts from the Labour Party, she must have some concern about defections within her old established ranks. She wins the votes of skilled workers from Labour, but is in danger of losing some of the higher-educated voters to the Alliance. A strange transformation is going on: the Tories may be becoming the people's party while the Alliance and the SDP in particular represents those who would have once regarded themselves as Whigs. Labour's essential support to the unemployed, the poor and the otherwise disadvantaged could only have taken off if there had been support from the "haves" as well as the "have nots". It does not seem to have been forthcoming.

The results are, in fact, fairly close to the pattern of recent public opinion polls. The Conservatives are up around the 40 per cent level — sufficient, if they can just secure the extra percentage point or two in the final push, to give them a comfortable overall majority in the House of Commons. The Labour Party and the Alliance continue to vie for second place, though the Alliance must be feeling considerably happier than Labour this weekend.

There were considerable regional variations and surprises. The most striking, however, were in the Tories' favour. After the years of unemployment and the decline of manufacturing industry, it appears that the Midlands are still prepared to give the Conservatives at least the benefit of the doubt and may be swaying in their way.

The message of the polls has been reinforced by Thursday's results. Estimates of overall votes cast put the Tories at around 39 to 40 per cent, Labour at 31 or so per cent and the Alliance on 27 to 28 per cent. This is good news for the Tories since Labour normally performs better in local than national contests, often by a margin of 3 to 4 percentage points.

At first sight the position is comparable with May 1983. This week the Tories virtually maintained their position in seats last fought in 1983, on a generally increased turnout, but Labour fell back by nearly 4 percentage points and the Alliance gained five points.

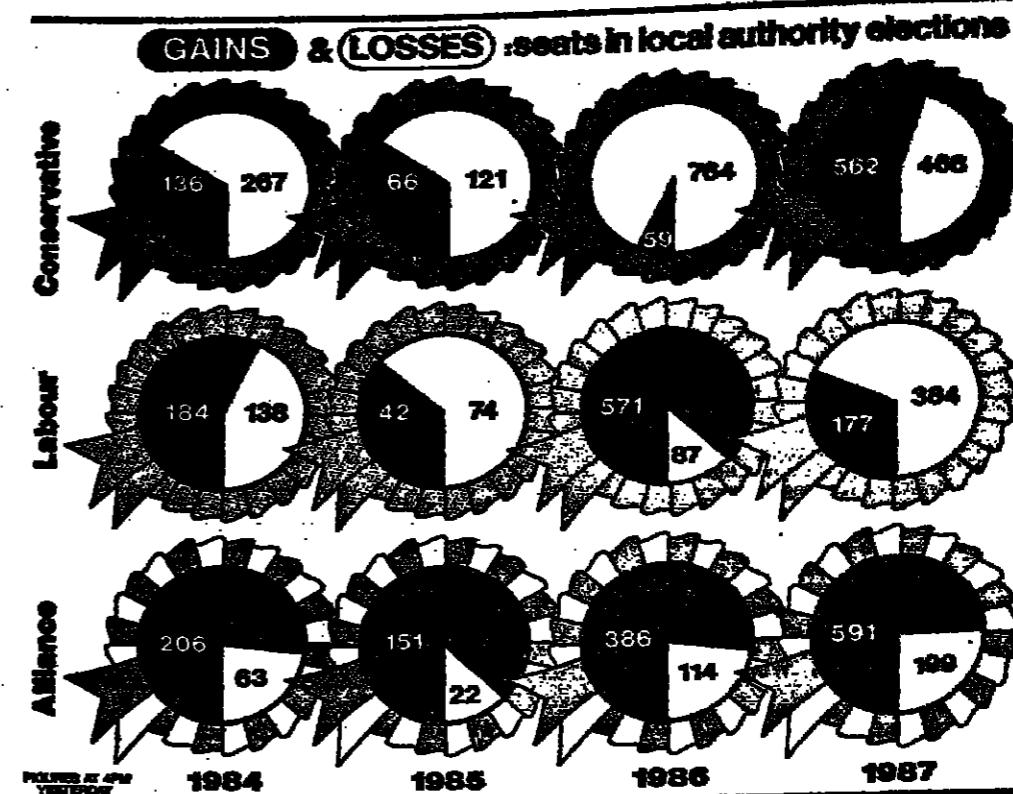
The similarities should not, however, be exaggerated. The Tories' level of support and lead this time has not been as long-established as four years ago. In May 1983 Tory support in the polls was in the 45 to

48 per cent range. But most significant of all, the Alliance's standing, both in local contests and in opinion polls, is higher than before and it will probably start the general election campaign at least four to five points higher than in 1983.

There are also problems about extrapolating national opinion polls and local results. This works both ways for the Tories. The long-established differences in voting behaviour between local and national contests mean that in June the Conservatives could do even better than on Thursday in some places. On the other hand, both Labour and the Alliance did better in some of their key target parliamentary seats than the national figures suggest.

That said, the overall results were undoubtedly bad news for Labour, particularly in the west and east Midlands where, on this basis, it might lose parliamentary seats compared even with the 1983 general election result. As local party spokesmen admitted, the rows over black sections and the "loony left" in London were clearly in third place.

Despite variations, an average of the main surveys suggests



Gould, the party's campaign co-ordinator, claimed that Labour had improved its position by 20 additional seats, and to have done well in many others. Most are Tory held, like Southend West, Cardiff Central and Chelmsford, but some are Labour, like Blyth Valley, and two in Liverpool.

The key question is how far there will be a repeat of the 1983 campaign, when Labour support fell back sharply, and the Alliance advanced strongly. The Alliance may not enjoy the national boost from the publicity of the campaign than it did in 1983 since it is starting from a higher base and is better known than then.

Initial computer projections suggested that the Alliance might only increase its number of MPs by half a dozen from its present 27. However, even on the basis of incomplete results, Alliance leaders were

claiming to have won the largest number of votes in over 20 additional seats, and to have done well in many others. Most are Tory held, like Southend West, Cardiff Central and Chelmsford, but some are Labour, like Blyth Valley, and two in Liverpool.

These points are, however, only qualifications, rather than refutations, of underlying Conservative confidence. Even if Labour and the Alliance do well in some of their target seats, it might be partly at each other's expense, and might still leave the Tories with an overall Conservative majority. Yet the possibility of a hung parliament without such a clear-cut result cannot yet be ruled out.

If there will be more uncertainties at the Chequers meeting than in 1983, the decision to be announced on Monday looks like being the same. The economic and interest rate background is especially favourable and there is no certainty that the political outlook will be better in the autumn than now. In short, there is no alternative.

Not at all bad for a damage limitation exercise

THE GAMBLE has paid off. Conservative Central Office strategists always insisted that the local election results should be awaited and interpreted with caution before the General Election could be pushed.

The elections, the biggest test of public opinion since Mrs Thatcher retained power in the 1983 General Election, are logically a better guide than any opinion poll, with voting in 365 metropolitan councils and district boroughs throughout the UK except in Scotland and Greater London.

The pattern of voting this year varied considerably across the country but the overall message that the Conservatives have done better than predicted only a few months ago; Labour has failed to advance in key areas like the East and West Midlands; and the Alliance record has been good but patchy.

Some months ago, Conservative leaders were forecasting net losses of 500 to 600 seats because the last time the

seats were contested was in May 1983 — when the party's fortunes were riding high on the Falklands factor.

The local elections showed that far from just seeking to curtail the number of authorities lost to Labour and to the Alliance, the Conservatives took control of a number of important councils unexpectedly, including Nottingham, Derby, Nottinghamshire, and Tamworth and Wolverhampton.

These victories in the Midlands were particularly significant as it is an area with a disproportionate number of Tory-held marginal seats. They topped comfortably their target of 400 net gains, but did not make the across the board breakthrough many expected.

The Conservatives also retained control of Solihull, the last remaining metropolitan borough in the party's hands. Its loss to the Labour Party would have been a disaster.

In addition, there were signs that the Conservatives are meeting the challenge of the Alliance in the south more effectively than pre-

viously. Medway, a Liberal-controlled borough on the Isle of Wight, was captured and the Alliance was fought off in a number of Conservative-controlled authorities, including Cheltenham and Hastings, that the Alliance could have been expected to win.

But in general the Alliance had a successful day, capturing West Lindsey, Blyth Valley, Pendle, East Lancashire, and South Somerset and showing they remain a real threat to the Conservatives. They topped comfortably their target of 400 net gains, but did not make the across the board breakthrough many expected.

The losses of Medway and Hart, Hampshire, were particularly bitter, and in the majority of seats, especially in the Midlands and North, the Alliance clearly remains in third place.

Labour's had the psychological disadvantage of starting off from its strongest-ever position in local government, defending over 3,000 seats, nearly twice as many

as the Tories. It was therefore much harder for the party to make dramatic inroads.

Nevertheless, Labour did appreciably worse than expected, losing seven councils including Southampton, Walsall, Kirklees and Darlington, and over 200 seats net. The party did better than expected in the South-east, however, capturing Reading and holding on to Brighton.

One victory with a bitter sweet taste for Labour was Liverpool where a caretaker Alliance administration has been in charge for six weeks since the disqualification of Labour councillors for failure to set a rate in 1983.

The Alliance, desperate to

capture the city from the Militant-dominated local Labour Party, gained seven seats — but it was not enough.

Mr Neil Kinnock, the Labour leader, will be waiting anxious to see whether the new local leadership, which still has some Militant connections, embarrasses the party.

Councils in London were not generally involved in the elections, but a significant bonus for the Conservatives came in the left-wing Labour-controlled borough of Brent, where Mr Ken Livingstone, former leader of the Greater London Council, is Labour's prospective Parliamentary candidate. In a local by-election, Labour was pushed into a poor third place.

In spite of some disappointments such as the failure to capture target cities like Portsmouth and Plymouth from the Conservatives, Labour continues to dominate the country's towns and districts.

The strength of Labour, plus the inroads of the Alliance, seem certain to widen the rift between central and local government, particularly over issues like reform of finance and control of education.

The Conservatives appear to have decided to make tighter control of local authorities a key element in their

election manifesto and in legislation expected to be introduced early in a new Parliament.

Large areas of responsibility for education, housing and urban renewal could be removed from elected local bodies. In education, perhaps the most contentious element, there will be much greater centralisation at the expense of local education authorities, particularly over the curriculum. School management will be devolved to head teachers and to boards of governors.

Finally, the elections have underlined the need for a more ready acceptance of the practical requirements of minority, or hung councils. One in every five local authorities is not ruled by a party with an overall majority, but little account of this has been taken by the parties nationally. Parties are invariably arranged locally and depend more on personalities than on policies.

Richard Evans

Man in the News

Lawrence Walsh

Irangate lets loose its fraud detector

By Lionel Barber
in Washington



replace the earlier position of special prosecutor. The move was aimed at protecting the post against arbitrary action by the executive.

Lawrence "Ed" Walsh, appointed by a federal panel of judges on December 19 last year. Until that time, the criminal investigation of the Iran-Contra affair had been overseen by Mr Edwin Meese, US Attorney General, and the Justice Department. Mr Meese, a personal friend of the President, was forced to step aside after criticism that he faced a conflict of interest, and could not be a government lawyer. He recommended that the panel of judges appoint an independent counsel.

Mr Walsh is leading the most comprehensive criminal investigation of any independent coun-

seal it covers every aspect of the US arms sales to Iran and diversion of profits from those sales to the Nicaraguan Contra rebels and the private aid network set up to arm the Contras during a Congressional ban on official US military aid between October 1982 and October 1986.

So far, the deceptively mild-mannered Mr Walsh has concentrated his attack on the legality of private fund-raising by the Contras and the US Government's involvement in it.

Mr Walsh has been given a

defensive statement to

supposed charitable foundations and then wrote of the donations against federal tax.

The day after the first guilty

plea by Mr Carl Chinn, President Reagan's press secretary issued a defensive state-

ment which received less

attention than it deserved. It said: "In the legal view of

executive — have pleaded guilty to a single count of conspiracy to defraud the US Government, the Government and have named the sacked White House aide, Lt Col Oliver North, as a member of the conspiracy.

The speed of Mr Walsh's

convictions suggest that the

two men was overwhelming.

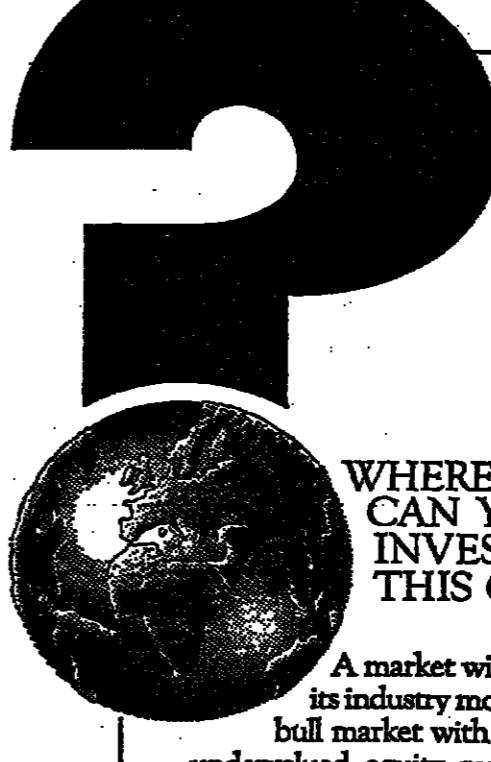
This must be very worrying for

the White House, in view of the

fact that the President gave

the Contras a

defensive statement to



A market with a falling currency, making its industry more competitive. A healthy bull market with a positive yield curve. An undervalued equity market with low price ratios. Each would provide good reason for investment. Combined, they are irresistible.

Next week Barings launches a new fund to give UK investors who are seeking capital growth a chance to maximise

"Milton Keynes is such a new place, new businesses. Trade unions are not the sort of thing people want to know about round here, because unions as far as the general public are concerned means striking. And that's not what people want round here."

EMMA DUTHIE, a young clerical worker, is an anomaly in the new town of Milton Keynes. First, she is in a union—the CPSA civil servants, and second, she is on strike—one of those from the local unemployment benefit office taking part in the civil service unions' campaign over pay.

She spoke yesterday in the middle of a unique trade union initiative—an exhibition—comes recruitment drive, trying to present the positive side of trade unions in an environment hostile to them.

The new city of Milton Keynes, sprawling across the heart of rural Buckinghamshire, is a non-union town. "It has been very difficult for trade unions to organise here," says

The state of the (Milton Keynes) union

By Philip Bassett, Labour Editor

Vic Graves, chairman of the town's Trade Union Council and a prime organiser of the two-day event. "Some of the problems are to do with the image we have as a movement: we are trying to redress that."

To try to do that, local unions yesterday took over the city's airy, spacious Middleton Hall in the middle of its vast shopping complex, trying to persuade the 50,000 shoppers who pass through it on Fridays and Saturdays to stop and find out what—if anything—trade unionism is about them.

Norman Willis, the TUC General Secretary, who formally opened the recruitment drive, had little doubt: even in a prosperous town like Milton Keynes, one in 10 was out of work; even in a new town there was oppression, and exploitation.

It is characteristic. Its population, about

180,000, is expected to reach 350,000 by 1990. Jobs are growing accordingly—at a net rate of about 3,500 every year.

Despite such efforts, unionising Milton Keynes will be difficult. The town is a marginal in the coming election its balance confirmed in Thursday's local poll, which saw in the town gains for the Alliance but still no one party in overall control of the town's local government.

Government ministers, who formally opened the recruitment

drive, had little doubt: even in a prosperous town like Milton Keynes, one in 10 was out of work; even in a new town there was oppression, and exploitation.

Classically, all of these factors work against trade unionism. "Milton Keynes is known as 'the city of the future,'" says its unions. "Does trade-

unionist have a place in the future?"

It is industrial structure that shadows the future: two-thirds of jobs are in the service industries, only 27 per cent in production. Its employers are small: two-thirds employ 10 or fewer people, only three companies have more than 1,000 employees. Foreign-owned companies are prominent. The proportion of women in the labour market is increasing.

Above all, Milton Keynes—designed in 1967 as the last great new town project—is a prosperous town like Milton Keynes, one in 10 was out of work; even in a new town there was oppression, and exploitation.

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unionist have a place in the future?"

It does not look like it—at least not in Milton Keynes. It is sold to prospective employers as a non-union town. "Levels of unionisation vary widely from company to company," runs one report from the town's go-getting Development Corporation.

Its employers are thinking of moving there, with several London salaries, does not seem to be helping the unions' cause.

Another Development Cor-

poration briefing note puts it more starkly: "The majority of companies in Milton Keynes are non-unionised."

Local union leaders put the unionisation level in the area

at below 20 per cent—half the UK average, equivalent to unionisation rates in the US.

Stripped of clear areas of unionisation, such as British Rail's workshops at Wolverton, and the Open University, the real figure is likely to be much less.

Even unemployment at around the national average, and wage rates, in Milton Keynes, according to local surveys, perhaps 25 per cent below London salaries, does not seem to think they need a union like in the old industries.

Local union leaders believe there may be potential for the recruitment into unions of about 19,000 employees. Such ambition—it would push the

unions a big percentage think about Arthur Scargill. And as much as he may have done for the miners' union, he gives the unions a bad image," says one distribution industry employee.

Yesterday, Norman Willis was unequivocal, insisting that unions would have to make efforts in the new towns. It will be essential for the trade unions to establish a presence in places like Milton Keynes if they are to stand much real chance of continuing to be a valid, representative social force.

Mr Willis' mere appearance there yesterday is a testament to that point, and the recruitment drive to be followed this coming week by other linked events is evidence that the unions are far from just accepting that they are irrelevant.

"We have got to organise people in places like Milton Keynes," says Vic Graves. "Because if we don't we are going to have to ask ourselves some very serious questions about what we're doing."

France is ready to go on trial

ON THE banks of the River Saone, the finishing touches are being put to a temporary courtroom. For the next two months, a frail old man and his brilliantly destructive lawyer will be the focus of France's final inquest into the crimes of the second world war—a show trial that threatens not to run to script.

Twice condemned to death in his absence by the French courts for murder and torture, Klaus Barbie, who commanded the Gestapo secret police in Lyon during the Second World War, will face charges of crimes against humanity—the only crimes under French law which no statute of limitations can wipe off the record.

The trial will bring out the horror of the deportation of Jews to the German extermination camps, such as the raid on the Jewish children's home at Izieu, east of Lyon, which sent more than 40 Jewish children to their deaths in Auschwitz, or the deportation in 1943 of 84 Jews seized in Lyon's Rue Sainte Catherine.

In denying involvement in the trials, 74-year-old Barbie, defended by the honey-tongued but hated Jacques Vergès, will try to turn round the charges, exposing the extent of France's complicity in the deportations and attacking the national mythology of the resistance.

The trial can scarcely avoid providing a judgment of Nazism

ideology and a memorial to the death camp victims. But many fear that Barbie may not be the right symbol of Nazi genocide.

This will not be a rerun of the trial of Adolf Eichmann in Jerusalem; for Barbie was a Lieutenant in the Gestapo, not the architect and chief manager of Hitler's anti-Jewish policy.

Barbie owes his notoriety to his activity in the deportation of Jews, but to the capture and death in captivity of Jean Moulin, leader and hero of the French resistance.

Sent into occupied territory by General de Gaulle to rally and organise the scattered resistance movements, Moulin was the last man buried in France's Pantheon and occupies a revered place in the national memory.

But Mr Vergès will revive claims that he was betrayed to the Germans by members of the resistance itself, who feared he was giving too much ground to the communists.

Whatever Moulin suffered, there has in any case been disagreement over whether acts against the resistance should count as crimes against humanity. The judge preparing the case, backed by the Lyon prosecutor and Jewish organisations involved in the trial, wanted to limit the charges against Barbie to those involving the torture and deportation of Jews. They argued that the torture and execution of resis-

ters' torture, execution and even the death of Moulin are excluded from the charges.

Nevertheless, some Jewish leaders, and others, fear that putting crimes against the resistance and crimes against the Jews into the same bag denies the uniqueness of the holocaust and contributes to the "banalisation of the Nazi extermination policy."

Mr Simone Veil, former President of the European Parliament and a survivor of Auschwitz, says: "The only thing which seems to me important is that the trial should be the occasion for remembering that millions of children, its conscience over the period of collaboration with the German invaders.

The exorcism may not be easy. Mr Vergès has served notice that he will follow his preferred defence tactic: attack.

The lawyer, who has previously defended Algerian rebels and Palestinian terrorists, will both deny Barbie's involvement in the crimes and seek to muddy the reputation of the resistance. He will also try to draw a parallel between Barbie's activities in Lyon and France's repression in Algeria in the 1950s.

Mr Vergès' accusations may

reawaken bad memories in a

country whose post-war purges, though bloody and often unjust, still left many collaborators untouched. His counter-attack could also rattle the golden myth of the resistance, which was one of the keystones in re-building France's self-confidence and occupation.

I sincerely hope that the Barbie trial does not awaken our old demons, does not revive our old quarrels," says Raymond Barre, former French Prime Minister. But his anxiety may be misplaced because France has already begun to examine the myth and to face up to the realities that lie behind it.

There may once have been some truth in the belief held by many Frenchmen with some shame, that the only historians willing to confront the occupation period honestly were Americans.

US historian Robert Paxton's work in the late 1960s and early 1970s attacked the view that Marshal Philippe Petain's collaborating government had resisted and tried to moderate Hitler's anti-Jewish policy, and showed that his Vichy regime had even exceeded German demands.

If there remains an intellectual current seeking to re-examine collab'orators such as Robert Brasillach, a virulent anti-Semitic writer executed at the end of the war, France can respond with historians such

as Fred Kupferman of the Sorbonne—a Jew whose family were deported, and author of an acclaimed biography of Pierre Laval, the Vichy Government Prime Minister executed in 1945.

"I believe there is a great curiosity today, a feeling that a mythology was created about the period and a desire to see that period more clearly. That will not cut into the profound agreement which still exists about the resistance," comments Pierre Nora, a historian and director of the Gallimard publishing house.

He suggests the new realism may be connected with the decline in significance of the French Communist Party, which took a leading role in the resistance and has been largely responsible for cultivating its legend.

Whatever the cause, France appears ready to confront any disagreeable surprises that Mr Vergès may spring during the trial. A recent opinion poll showed that 68 per cent of those questioned favoured judging Barbie, even at the risk of unleashing polemics. Only 16 per cent were in favour of letting him finish his life in Bolivia.

The strength of the vote for justice, rather than oblivion, surprised many historians and Jewish leaders, but may indicate a willingness to face up to the questions raised by the occupation period.



Barbie: twice condemned to death in his absence and now, in Lyon, facing charges of crimes against humanity.

George Graham explains why the Barbie trial gives France the opportunity to salve its conscience

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UK risks from Chernobyl

From Dr M. Clark

Sir—In his letter of April 29, Mr Webster refers to the National Radiological Protection Board report, which shows that some infants in north Wales, Cumbria and southwest Scotland could have received radiation doses forty times greater than the UK average from Chernobyl. I should point out that we assume in our calculations that these infants drank 0.7 litre a day of fresh milk for the period of interest at the maximum representative concentration of iodine—181 observed, all from the same farm, without any of the dilution that would arise from bulk collection or delivery.

The trial can scarcely avoid providing a judgment of Nazism

risks and dividing by the number of people does give the average.

Dr M. J. Clark
National Radiological Protection Board
Chilton, Didcot, Oxfordshire.

Charges for

From Dr P. Hill

Sir—The public is already providing millions sums to maintain museums, many of which are questionable value.

In Leicestershire, for example, the museum service costs the ratepayer—whether he likes it or not—£3.75 for every man, woman and child who visits over 5m per year!

All museums should be financially self-supporting by admissions charges.

(Dr P. R. Hill,
The Bowery,
Wymondham,
Norfolk, NR9 5BR.)

Too many

From Mr A. Cox

Sir—Re your article (May 2) TSB's complaint about the cost of sending out annual reports is a bit rich. I have 8,000 shares and received two copies of the report and account, one copy to each of my two sons, and a copy to my wife holding over 700 shares for her.

He also says that the initial assessments by the Board of fallout levels from Chernobyl were very over-optimistic and cites the continuing restrictions on the movement and slaughter of sheep in some hill farms as evidence. This is due to a combination of poor pasture and soil and the elevated deposition of radionuclides in these areas caused by heavy rainfall during the passage of the contaminated cloud on 29 May 1986. Nonetheless, our predictions about radionuclide levels have proved correct for animals grazing on normal pasture land.

He further criticises the timing of advice to avoid drinking fresh rainwater after the accident: we can only restate the fact that the advice was published as soon as the high levels of radioactivity were discovered. He then criticises the absence of advice about radioactivity in fresh milk. The peak levels of radioactivity in milk for the areas of high deposition were, on the average 10 per cent of our derived emergency reference levels: in the country generally, they were less than 1 per cent. He tries to compare the effectiveness of restrictions placed on lambing in Europe without mentioning the fact that deposition was much higher in parts of the continent: doses were therefore correspondingly higher than here, and intervention would inevitably appear to be more effective in reducing doses.

Our overall estimate of the average risk of fatal cancer to individuals in the UK from the Chernobyl accident remains one in a million over the next 50 years. Although Mr Webster may not like it, adding all the

twice: this sort of thing has obviously been repeated countless times all over the country.

In recent TV and newspaper advertisements TSB claim that it has nearly 24m shareholders but it must know that this is an exaggeration.

I have written to the chairman about the waste and say that they hope to aggregate shareholdings by the end of the year.

A. J. Cox,
33 Eastgate Avenue,
Epsom, Surrey.

A Burmah Oil solution.

From Mr M. David

Sir—I refer to "The Burmah Oil fiasco in Lex of May 6 which highlights the proposed harshest tinkering with a large problem.

Surely the most effective "method" (which I prefer to "device" as this is often used to imply something improper) of dealing with this problem would be the creation of deferred shares and offer to shareholders to convert their existing shareholding.

Thus, shareholders who accept the offer will help the company and themselves provided, in the Burmah case, that for the time being diversification abroad either ceases or is limited to turn-around situations with carry-forward tax losses.

I was sent one copy for my original allocation and the other 4 copies relate to a purchase of 5,000 shares on one subsequent occasion. Instead of entering my name once in the list of shareholders, the registrars struck out the names of the holders who had sold to me and substituted my name in each case.

Needless to say we received total of 7 dividend cheques.

The waste is bad enough but there are more serious implications. The chairman's letters did not explain that many shareholders would receive more than one copy of the report nor how many proxy voting forms they should return.

A shareholder could reasonably assume that, by completing one form, his instructions would be followed to the full extent of his holding. It seems, however, that each form carried only the number of votes hidden in a reference number in the top left corner of the form. Consequently, any poll at the recent AGM would not have shown voting intentions correctly.

The analysis of shareholders

government the message for alternative land use is getting across and leaves farmers to get on with farming.

They may provide a useful prop to land values and prevent further embarrasing bank interventions on reducing assets.

Their satisfaction from the farm being only self-supporting could assist in reducing agricultural production. (Every little helps.)

By purchasing land originally on loan it reduces bank borrowing in the agricultural sector and may cause banks to be more protective and interested in those that remain.

Don Bunting,
Pear Tree Road,
Herne Bay, Kent.

Small brokers forced out

From Mr I. Naylor

Sir—I cannot allow Mr D. TSB's letter (May 5) to pass unchallenged. His analogy of the decision making process. This latter point is being challenged only by the Danish Government. But it is an issue that should be of concern to us all.

IM Lang (Director),
Melanie Miller,

UK COMPANY NEWS

THE CREATION OF A £130M DIVERSIFIED SERVICES GROUP

Godfrey Davis and Sunlight merge

BY CLAY HARRIS

Godfrey Davis (Holdings) and Sunlight Services Group yesterday unveiled an agreed merger which will create a £130m diversified services company with activities ranging from contract vehicle hire to cleaning and security.

The merger will take the form of a share swap by Godfrey Davis for its larger partner, and Sunlight management will assume the top executive roles in the combined group, which will retain the Godfrey Davis name.

Both sides insisted, however, that the deal represented a true merger. The combination would give both companies the scope for expansion that each had lacked individually.

The merger also solves a problem of management succession for the ageing Godfrey Davis board.

W Tyzack in £2.3m cash call

By Clay Harris

W. A. Tyzack, Sheffield-based engineer, is to raise £2.3m through a one-for-three rights issue. It also reported yesterday a decline in interim pre-tax profits from £162,000 to £152,000.

Turnover in the six months to March 31 increased from £4.39m to £4.51m.

Tyzack said that operational performance had improved in the first half, but profits had been reduced by the weakness of the dollar. Sales of transmissions, machine tool slides, ways and machine knives had strengthened.

Despite the fall in profits, Tyzack raised its interim dividend by 8.5p (0.6p) and proposed at least to maintain the final at 14p.

The proceeds of the rights issue will be used to eliminate Tyzack's medium-term borrowing of about £1m, Mr Bill Daconne, chairman, said yesterday. The remainder would be used to fund capital investment involved in the integration of the company's recent acquisitions, Seddon & Bramhall and A. R. Heathcote.

Nassau-based Quall Investment said yesterday that it was reviewing the 28.4 per cent stake in Tyzack which it holds in concert with Quarius Investments. Quall is seeking board representation at Tyzack.

Gild Investment, based in Monaco, said meanwhile that it plans to take up the rights on its 6.8 per cent holding.

Tyzack shares rose 1p to 136p, compared with the rights price of 105p.

ILG buy-out unconditional

MR HARRY GOODMAN'S Hudson Place Investments has declared its buy-out for International Leisure Group, of which Mr Goodman is chairman, unconditional after receiving acceptances for almost 70 per cent of the company.

Early last month Mr Goodman announced a 200p a share offer, valuing the company at 516.8m.

Hudson said yesterday it had received acceptances for 35.89m ordinary shares, equal to 6.9 per cent. It had also received acceptances for 15.19m preference shares, equal to 5.15 per cent.

The cash would remain open indefinitely, but the debt alternative would close on May 21.

Wace raises £2m in placing

Wace Group, the printing company, yesterday said it had placed 1.2m shares to raise £2m and had acquired two companies for an initial consideration of £1.5m.

The company said the placement would allow it to retire some short-term debt which would provide the group with greater flexibility to sustain its growth.

Wace paid £400,000 for Brandprint, a company with sales of £4.8m and pre-tax profits of £111,000. It paid £260,000 for Emery McLellan Orr, which had a turnover of £1m and pre-tax profits of £50,000 in the year to March.

Wace said that the two acquisitions illustrated the group's objective of providing high-quality advertising-related services to achieve consistent growth by organic growth and acquisition. The purchase price for both acquisitions could rise, depending on profit performance over the next two years.

Holt Lloyd

Brokers are forecasting pre-tax profits for Holt Lloyd this year of £2.4m, not £2.4m as reported in yesterday's FT, giving a prospective p/e of 12 on Thursday's close of 125p, up 3p on the day.

Godfrey Davis comprises Ford main dealerships, contract vehicle hire and portable building hire and residential parks. It sold its car hire business to European car Renault subsidiary, in 1981.

Sunlight operates commercial cleaning, laundry and security services.

Godfrey Davis and Sunlight share a developed structure giving wide discretion to divisional managers. Mr John Ivey, Sunlight managing director and designated chief executive of the combined group, said, however: "We will take a keen interest in what happens on both sides of the fence."

The companies said they also shared a similar operating philosophy and expected to expand their rental interests.

Mr Ivey, aged 45, and Mr George Boyle, 41, who will take

over as finance director, bring a lower age profile to the management. Mr C. A. Redfern, Godfrey Davis chairman, will stay on in the same position in the combined group only until the end of 1988. Several other Godfrey Davis managers were in their 60s.

Sunlight shareholders would end up with 60 per cent of the combined group under the terms of the offer, which were formulated to reflect the two companies' proportionate earnings contributions.

Sunlight reported pre-tax profits of £6.6m on turnover of £77.8m for 1986. Godfrey Davis said yesterday that it would achieve pre-tax profit of at least £4.4m in the year that ended on March 31.

The merger was arranged by Hoare Govett, long-time stockbrokers to both companies. It advised Sunlight and Kleinwort Benson advised Godfrey Davis.

Sunleigh raises offer for Dale

BY NIKKI TAIT

Sunleigh Electronics, the USM-quoted electronics holding company in which FKI Electricals has 25 per cent of the shares, yesterday increased its contested offer for Dale Electricals, the generating sets manufacturer, by 4.5m to £17.2m.

Turnover in the six months to March 31 increased from £4.39m to £4.51m.

Tyzack said that operational performance had improved in the first half, but profits had been reduced by the weakness of the dollar. Sales of transmissions, machine tool slides, ways and machine knives had strengthened.

Despite the fall in profits, Tyzack raised its interim dividend by 8.5p (0.6p) and proposed at least to maintain the final at 14p.

The proceeds of the rights issue will be used to eliminate Tyzack's medium-term borrowing of about £1m, Mr Bill Daconne, chairman, said yesterday. The remainder would be used to fund capital investment involved in the integration of the company's recent acquisitions, Seddon & Bramhall and A. R. Heathcote.

Nassau-based Quall Investment said yesterday that it was reviewing the 28.4 per cent stake in Tyzack which it holds in concert with Quarius Investments. Quall is seeking board representation at Tyzack.

Gild Investment, based in Monaco, said meanwhile that it plans to take up the rights on its 6.8 per cent holding.

Tyzack shares rose 1p to 136p, compared with the rights price of 105p.

Polymark shares drop after poor second half

BY GRAHAM DELLER

SHARES IN Polymark International, the laundry equipment and agricultural machinery supplier fell 7.5p to 29.5p yesterday as the market expressed disappointment over the group's showing in the second half of the year.

Group turnover in the 12 months to December 1986 rose 21.8 per cent from £20.93m to £25.5m. After interest charges of £480,000 (£586,000), profits before exceptional items came out at £552,000 against £131,000 last time—marginally below the figure of £364,000 reported at the interim stage.

This offer valued Oldham at between £531.4m and £520.9m, depending on the property values at which the company revalued its stake in Dale yesterday—by the

September 1986 valuation had not

been done. The agreement be-

tween MEPC and CIS provided

for an independent valuation

and this is what is about to take

place. Oldham will take part in

the briefing of Debenham

Tewson.

Oldham, in this context, effectively means Mr Hyams

because other shareholders con-

truct some 2 per cent of the

equity.

Meanwhile four MEPC direc-

tors have been appointed to the

Oldham board, but they will

take no part in assessing, from

the Oldham point of view, the

new valuation of the company's

portfolio.

MEPC gained effective con-

trol of Oldham when it bought

the 68.3 per cent stake of Co-

operative Insurance Society. It

then made a full bid for

Oldham based on a formula re-

lated to the net asset value of

each Oldham share at Septem-

ber 30 1986.

This offer valued Oldham at

between £531.4m and £520.9m,

depending on the property val-

ues at which the company reval-

ued its stake in Dale yesterday—

by the September 1986 valuation

had not

Halifax issues £50m swap-rate Eurobond

BY RICHARD TOMKINS

Halifax Building Society yesterday issued a novel £50m Eurobond bearing a fixed 8.75 per cent coupon for the first three years and a floating rate of 1.75 basis points above London Interbank offered rates for the

remaining three years.

The bond is the first to be

offered by a UK building

society.

Halifax, which has

become an active borrower in

the Eurobonds, is taking

advantage of attractive rates to

carry out three year swaps to

the residential Corporation UK

insurance group, also tapped

the Eurosterling market yesterday

carrying a 9.1 per cent coupon

and price of 100p, led by War-

burg Securities.

See Lex

North Housing issues zero coupon bonds

By Philip Coggan

North Housing, one of Britain's largest housing associations, has become the first borrower to raise finance via a zero coupon bond in the UK domestic market.

The association is raising £25m to fund the building of

2,000 houses for rent. Fourteen local authorities will transfer land to North Housing in

return for the right to nominate

13 per cent to 18.3 per cent.

The purchases came as

North Housing posted its final letter to shareholders, stating that it now has written commitments from holders of 30 per cent of its shares. According to Mr Peter Hartley, North Housing's chairman, these have come from some 200 shareholders. In

some 2

ARGENTINA

IN THE course of history, there are certain events which prove to be decisive in the destiny of a nation. The Easter rebellion by the Argentine army was precisely such an event.

Three weeks after the revolt, the Government of President Raúl Alfonsín has yet to find a definitive solution to the crisis created when 100 or so junior commando and paratroop officers seized the Infantry School in Buenos Aires on Good Friday.

Hanging in the balance is the consolidation of a system founded on free elections and an independent judiciary, while the project of the armed forces continuing to be a power behind the throne — if not occupying the seat itself — remains a cause for concern.

It is now clear that the officers who launched the rebellion, demanding an end to the human rights trials in the country, were not an isolated group of disgruntled adventurers.

That much became obvious from a visit to neighbouring army units, where other junior officers openly expressed support, and by the fact that President Alfonsín was obliged eventually to negotiate the surrender of the rebels because other army units were reluctant to support them. A half of the Army's chief of staff was later sacked for "failing to maintain command and control of their units," according to a close presidential aide.

The crisis had an even more serious dimension, says Mr Antonio Berhongaray, a ruling Radical Party Senator and chairman of the Senate Defence Committee. "Although the demands for an end to the trials were genuine for the most part, there were others behind the rebels, and utilising them, who had more concrete aims to prepare the ground for a military coup at a later stage."

In the event the plotters were defeated by the fact that all the political parties, the business sector and trade unions closed ranks behind the President. And on the international plane, solid support for President Alfonsín was expressed by governments as diverse as the US, the Soviet Union and Cuba. The rebels were isolated.

So why did they rebel? One largely overlooked fact is that

The fires continue to smoulder

By Tim Coone in Buenos Aires

the Government itself helped to precipitate the crisis.

In an attempt to bring an end to the drawn-out process of human rights trials, which were creating a growing wave of unrest within the armed forces, a law was passed at the end of last year known as the *punto final*. It established a two-month time limit (ending in June) for the courts to indicate if proceedings against officers and ranks suspected of abuses during the "dirty war" of the 1970s. During this period, more than 9,000 persons disappeared following arrest by the security forces and thousands more suffered torture.

The aim of the *punto final* was to limit the number of trials to between 20 and 30 exemplary cases of senior officers and notorious torturers, thereby satisfying some of the hue and cry for justice to be done while preventing a military rebellion. A former Defence Minister in the present government, Mr German Lopez, told the FT last year that such an agreement between the radical party and the armed forces dated back to before President Alfonsín took office in December 1983.

However, according to a federal court judge instead of drastically reducing the number of trials, the time limit produced the opposite result. The courts were inundated with accusations against all ranks from generals to sergeants, but mostly against middle-ranking officers in charge of various local and regional operations

— although many of the accusations were made on incomplete evidence, to ensure that justice was done the courts began investigatory hearings against more than 350 military and police personnel. This set the time bomb ticking and it exploded over Easter.

The problem for the Government is how to move forward now, surrounded by a minefield of legal and political obstacles created by the rebellion.

Demands during the mutiny included an end to the trials and punishment. However, Mr Adolfo Goss, a leading Radical senator who talked to the rebels (and faced harsh criticism from his colleagues for doing so) says:

"There is no doubt that the rebels were also demanding a total amnesty." This would have included the generals who led the juntas from 1976 and organised the "dirty war." They were imprisoned in 1985.

An amnesty has been ruled out, though, by Radical party leaders. Instead a solution is being sought through defining a principle of "due obedience," under which junior officers might be absolved of blame for abuses on the basis that they were following orders.

On this point, however, Mr Goss says there are deep divisions within the party. In the trial last year of a police chief, General Ramon Camps, and five subordinates, the capital's federal court established that homicides and torture carried out by junior officers were



Soldiers of the 14th Airborne Infantry Regiment — a unit at the center of the rebellion

punishable offences, although lighter sentences were passed reflecting a recognition of possible coercion by senior officers.

The sentences are being appealed in the Supreme Court and the Government's hope is that the favourable ruling will obviate the need for special legislation to acquit the officers. But according to one of the Camps trial judges: "Even if the Supreme Court were to make such a ruling, it is not binding on the federal courts. It would not substantially reduce the number of officers cited to testify." Each case would have to be appealed separately, which could take years.

Even more emphatically, he added: "If the President deems it politically necessary to safeguard the country's institutions by absolving the junior officers from responsibility in cases of homicide or torture, then it will have to be done by creating a new law through Congress, which the courts will then have to follow. Under existing law, such a ruling by the courts is not possible with

out undermining the independence of the judiciary."

In the absence of unity within the party on the issue, intense discussions have been taking place as the President seeks support from leaders of the Peronist opposition. But Mr Diego Guiller, leader of the Peronist deputies in the Lower House, says: "The Radicals will have to pay the political cost of introducing such a law. They will not receive support from us."

A quick solution is seen by the Government as imperative. In the absence of a legal or political brake to the trend, the spectre of renewed unrest in the barracks has sent the Government in the only other available direction — towards a coalition government including Peronist opponents.

Indeed, with hindsight, it appears that President Alfonsín saw the military crisis coming and that his offers last month to create a coalition government and include a trade union leader in his economic cabinet were made with that danger in mind. The Social Contract, which he has been piecing together hastily with the trade unions (controlled by the Peronists) and business leaders, appears to involve abandoning price and wage controls and overturning the policies of his economic adviser, Mr Juan Soutullo. Economy Minister, who have nursed along the "Austrian" austerity plan for almost two years.

On September 6, the country goes to the polls for mid-term elections. Electoral politics have already begun to fragment the fleeting cross-party unity experienced during the rebellion. The opposition Peronists appear intent on making the Government pay a high price for what they term its "ambiguous" policy on the armed forces.

A resurgence of unrest cannot be ruled out. And although a further rebellion would not in itself spell the end of Argentina's democracy, if it succeeded in forcing the President to utilise his power of pardon to absolve the accused military officers, it would demonstrate once again the strength of the threat from behind the throne.

APPOINTMENTS

Changes at Noble Lowndes

NOBLE LOWNDES, a Hill Samuel Group company, has made the following appointments: Mr Brian Carroll becomes managing director of Noble Lowndes International and a director of Bausenbergs Noble Lowndes. He is also on the boards of Noble Lowndes Pensions and its corporate trustee companies. He joined Noble Lowndes in 1969. Mr Robin Newsham joins the board of Noble Lowndes Pensions as director responsible for the company's west region, based in Bristol. He replaced Mr Tony Reader who takes over from Mr Carroll as director responsible for the London City region.

Mr Tom Geoghegan has been appointed managing director of Cubic Wood Co, the armament wing of the Noble Lowndes organisation. Mr Graham Marshall, Mr Andrew Payne and Mr Ian Williamson have been made directors. Mr Ray Cole, Mr Alan Jenkins, Mr Gordon Pete, Mr Tony Redshaw and Mr Sid Wright have been appointed to

the board of Lowndes Associated Pensions. Mr David Millard and Mr Robert Poole have joined the board of Noble Lowndes Benefit Fund. Mr Alan Lowndes, a director of Noble Lowndes Management Services are Mr Richard Braybrooke (personnel director — UK), Mr Robert Ingram (finance director — UK) and Mr Bryan West (communications director). Mr Don Bray, Mr Michael O'Donnell, Mr Stan Gee and Mr Noel Redman have been appointed directors of Irish Pensions Trust. *

Mr John Glaister, commercial director of Earls Court and Olympia, has been appointed director of OLYMPIA, in an enlarged command which will include Olympia and the new Olympia conference centre. Mr Chris Vassas, lettings manager of Earls Court and Olympia, becomes sales director. *

At A. GRANTHAM Mr John Mott, formerly director of international trading for the Dunlop

Mr Bob Wiper has become

managing director of PICKFORDS mainstream UK removals, Mr Keith Austin managing director, alternative brands and Mr Andrew Hawkes director, international operations. Mr Robert Baker has been promoted from divisional director to managing director of Pickfords Industrial. The company is part of the National Freight Consortium. *

Following the death of Mr Dennis Poole, chairman of LONDON TAXIS INTERNATIONAL, Mr Jamie Birwick managing director of manganese bronze buildings, has been appointed chairman. Mr Barry Williams, managing director of Carbodine, becomes group managing director, and will be joined by Mr Ted Turner as finance director. Mr Turner was finance director with Land Rover. Mr Grant Lockhart has left the company to pursue other interests. *

Mr Alan Hollingsworth will be joining DAIWA EUROPE FINANCE as a director responsible for the treasury. He was a director of Hill Samuel and a board member of UK 2000, the government environmental initiative, now chaired by Mr Richard Branson. *

Mr Jean Denton has been appointed to the board of BRITISH NUCLEAR FUELS as a part-time, non-executive director. She is a former director of external affairs of the AEA Rover group and managing director of Roverdrive. Mrs Denton is deputy chairman of the Black Country Development Corporation, a director of Burros-Marseller and the Ordnance Survey, and a board member of UK 2000, the government environmental initiative, now chaired by Mr Richard Branson. *

Mr Alan E. Payne has been appointed sales director of the Hulme safety division company, CROWCON INSTRUMENTS. *

Mr Ken Fagg has joined EXCESS LIFE GROUP as general manager life. He returns to Excess after seven years during which he was the actuary with Ambassador Life. *

Three companies in the MERCANTILE HOUSE GROUP international financial services have made the following appointments. At Alexander's Laing & Cruckshank City, Mr C. P. Edwards, Mr J. T. Griffiths, Mr P. A. Williams and R. K. Mamei become directors. At Alexander's Discount Mr P. L. Fava is made managing director and Mr M. D. B. Frewer manager. Oppenheimer Fund Management has appointed Mr Paul C. Hyde to the board of its subsidiary, Oppenheimer Trust Management Limited. Mr Hyde, now sales director, was formerly National Sales Manager for Oppenheimer. *

LAWSON MARDON has made the following changes. Mr J. F. Brock, managing director, Smith Brothers (Whitehaven), becomes non-executive deputy chairman of that company from August. He is resigning from the managing directorship on medical advice. Mr D. G. Bebb, managing director, Mardon Hill (Illingworth), will be appointed managing director of Smith Brothers (Whitehaven) in August. Mr R. E. Williams, deputy managing director, Mardon Hill (Illingworth), becomes managing director of that company in June. *

Mr Edward Bentfield has joined STEWART WRIGHTSON as chairman of Golding Stewart Wrightson Marine, and a director of Stewart Wrightson. *

JOSIAH WEDGWOOD & SONS has made the following changes. Mr Robert J. Davies joins the group on May 11 as director of finance. He was a director of Coopers & Lybrand Associates. Mr Fred de Costeulade, formerly group sales director, becomes commercial director of the group. *

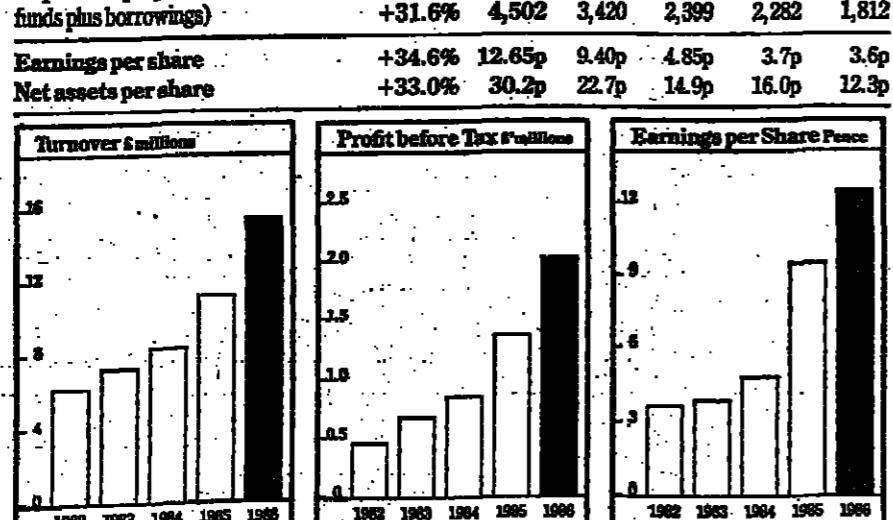
Mr Peter Cooper has been appointed chief executive of the BSS GROUP in succession to Mr Robin Sellick who has retired.

THOMAS JOURDAN plc

"I believe that 1987 will be an exciting year for us. After five years of continued growth I feel the time is ripe for major expansion and I am hoping to lay down a base this year to make that expansion possible."

FINANCIAL HIGHLIGHTS

	1986 \$'000	1985 \$'000	1984 \$'000	1983 \$'000	1982 \$'000
Turnover	+40.5% 15,750	11,211	8,665	7,307	6,150
Operating profit	+49.8% 2,225	1,485	964	764	563
Profit before tax	+52.5% 2,065	1,353	837	672	470
Dividends	+29.5% 548	424	310	279	244
Capital employed (shareholders funds plus borrowings)	+31.6% 4,502	3,420	2,399	2,282	1,812
Earnings per share	+34.6% 12.85p	9.40p	4.85p	3.7p	3.6p
Net assets per share	+33.0% 30.2p	22.7p	14.9p	16.0p	12.3p



"Trade is now more buoyant and the year as a whole looks good."

Archie McNair, Chairman

Copies of the 1986 Report & Accounts are available from the Secretary, Thomas Jourdan plc, 6 Park Street, Windsor, Berkshire SL4 1LU.

Financial Times Saturday May 9 1987

FIDELITY AMERICAN ASSETS N.V.

Registered Office Schipholweg Oost, 5010
Curaçao, Netherland Antilles

NOTICE OF
RECONVENED ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

May 29, 1987

Please take notice that the Annual General Assembly of Shareholders of Fidelity American Assets N.V. (the "Corporation"), originally convened and adjourned on March 17, 1987, will be reconvened at 2:00 p.m. at Schipholweg Oost, 5010 Curaçao, Netherland Antilles, on May 29, 1987.

The agenda for this reconvened Meeting will be the agenda for the meeting as originally convened.

1. Election of a new Managing Director.

The Chairman of the Management proposes the re-election of the following seven existing Managing Directors:

John M. S. Paxton
Hans Klaasen
Charles A. Fraser
Antonie Houtman & Trust
Curaçao, N.V.

3. Approval of the Balance Sheet and Profit and Loss Statement for the fiscal year ended November 30, 1986.

4. Ratification of actions taken by the Managing Directors since the last Annual Assembly of Shareholders on November 30, 1986 and authorisation of the Managing Directors to declare additional dividends in respect of fiscal 1986 if necessary to enable the Fund to qualify for taxation in the United Kingdom and elsewhere.

5. Ratification of actions taken by the Investment Manager since the last Annual General Assembly of Shareholders.

A form of proxy may be obtained from:

Fidelity International
Preston Hall
42 Crow Lane
Pembroke, Bermuda
Fidelity International
13, Boulevard de la Fonte
Luzembourg

Amico Holdings & Trust
Compagnie Financière
1, Boulevard de la Fonte
Luzembourg

Fidelity American Assets N.V.
P.O. Box 301
Curaçao, Netherland Antilles

Holders of registered shares may vote by proxy or by sending a form of proxy or certificate of deposit for their shares obtained from the Corporation at the following address:

Fidelity American Assets N.V.
P.O. Box 301
Curaçao, Netherland Antilles

Holders of bearer shares may vote by proxy or certificate of deposit and send the Corporation at its Curaçao, Netherland Antilles address. Alternatively, holders of bearer shares wishing to exercise their right personally at the Meeting may deposit their shares, or a certificate of deposit therefor, in the hands of the Corporation, which receipt will entitle such bearer shareholder to exercise such right.

All proxies or certificates of deposit issued to bearer shareholders must be received by the Corporation not later than 1:00 p.m. on May 29, 1987, at or prior to the time of the Meeting.

By Order of the Board of Directors
Charlie T. M. Colls
Secretary

High Low Company Price Change div.(p) % P/E

161 118 Ass. Brit. Ind. Ordinary 157 0 7.3 4.6 9.6

162 121 Ass. Brit. Ind. CULS 163 0 10.0 6.1 —

40 48 Armitage and Rhodes 38 0 4.2 11.1 5.3

80 84 BBD Design Group (USM) 75 0 1.4 1.9 17.9

230 166 Bardon Hill Group 230 0 4.6 2.0 25.1

147 192 Bray Technologies 147xd 0 4.7 3.2 11.8

138 75 CCL Group Ordinary 136 + 1 2.9 2.1 9.6

107 86 CCL

Canadian trio joins gold's big boys

BY STEFAN WAGSTYL IN LONDON AND BERNARD SIMON IN TORONTO

THE MERGER between three holding in Campbell will be large Canadian gold mining companies, which was announced this week, will create one of the world's biggest mining groups by stock market capitalisation.

Placer Development, Dome Mines, and Campbell Red Lake, will together be worth US\$4.6 billion, current spot prices. Only BHP, the Australian natural resources group, Anglo American, the South African gold and diamonds combine, and Rio Tinto-Zinc, the UK mining, energy and industrial companies, are larger.

The comparisons dramatically show the high prices investors have been prepared to pay in

LARGEST GOLD PRODUCERS OUTSIDE SOUTH AFRICA

	Estimated 1987 output ounces
Placer/Dome/Campbell (Can)	1m
Ok Tedi Mining (Papua New Guinea)	1m
Homestake (US)	680,000
Newmont Gold (US)	580,000
Lac Minerals (Can)	524,000
Bougainville (Papua New Guinea)	520,000
Echo Bay (Can)	480,000
Western Mining (Australia)	380,000

the past year for gold producers with mines outside trouble-torn South Africa.

They also illustrate how a boom in gold exploration and development in the 1980s has created a new generation of powerful mining companies of which Placer Development is the outstanding example. The merger is only one of a number of corporate acquisitions and mergers in which these fast-growing groups have been involved.

If the deals are completed as planned, Placer Development's shareholders will own 45 per cent of the new group; Dome Mines' shareholders will have 37 per cent and Campbell's 18 per cent. Dome's 50.2 per cent

Mines, which has a number of milestones around its neck and is still trying to shake off a reputation as a dull, accident-prone company.

Dome's biggest liability is its relationship with the crippled oil and gas producer, Dome Petroleum, which is currently the subject of a takeover bid by Amoco of Chicago. The two Domes are each other's biggest shareholders. In addition, Dome Mines has guaranteed C\$225m of its sister company's debt, an obligation to be assumed by the new merged entity.

Among Dome Mines' investments is a 24 per cent interest in Falconbridge, the financially strapped nickel, copper and zinc producer.

WORLD'S LARGEST MINING AND METALS GROUPS (by market capitalisation)

	US\$bn
BHP (Australia)	9.1
Anglo American (S. Africa)	5.8
Rio Tinto-Zinc (UK)	5.3
Placer/Dome/Campbell (Canada)	4.6
De Beers (S. Africa)	4.4
Alcoa (Canada)	4.4
CRA (Australia)	4.2
Alcoa (US)	4.2
Com Gold Fields (UK)	3.4

Beyond pointing to economies of scale in developing new projects and to the market appeal to investors of a diversified mining group, the three panies are reluctant to spell out the benefits of the merger until a prospectus is published, probably within the next few

Canadian analysts are almost universally enthusiastic about the merger. Mr Tom Komlos of Gardner Watson in Toronto estimates that the new company, with some 220m shares in issue, will be able to raise as much as C\$600m with a dilution of 10 per cent.

It controls Kidston, the biggest gold mine in Australia and is currently developing Porgera in Papua New Guinea, the largest unmined deposit in the world.

Placer has a strong balance sheet, including cash reserves of C\$138m (US\$150m) at the end of last year. Working capital more than trebled in 1986 to C\$248m.

Campbell Red Lake's main mine, the Red Lake mine in north-west Ontario, is the lowest cost gold producer in Canada, with total 1986 operating costs of US\$114 per ounce. At the beginning of last year, Campbell acquired a 57 per cent interest in Kieno Gold Mines of Quebec, one of the most modern gold operations in North America.

Campbell is 50.2 per cent owned by Toronto-based Dome

holders in Atlanta and Dallas. JMB would offer cash and preferred stock for Cadillac common shares and minority public holders would be offered a fixed cash option.

Campbell is controlled by Mr Judd Malkin, chairman, and Mr Neil Blum, president, and recently bought nearly C\$20m of property in the US from Aetna Life and Casualty and Alcoa. Their Cadillac bid topped one from Gerald D. Hines, the seventh largest US developer.

However, 29 per cent of Cadillac is held by Olympia & York Developments, the main holding company of the Reichmann brothers of Toronto. The Reichmanns have been long rumoured potential bidders for the Bronfman family will retain 40 per cent control of Seagram.

However the second and third generation Bronfmans want to be free to invest their money according to their own wishes and Campbell is to be liquidated by the year-end. But in the process Edgar and Charles Bronfman and certain members of the Bronfman family will retain 40 per cent control of Seagram.

The bank, which is privately held, revealed that its net worth jumped by 75 per cent in the course of 1986 to stand at \$1.27bn. This suggests that the bank retained \$545.5m in profits.

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DREXEL REBUFFS INQUIRY TALK

BY JAMES BUCHAN IN NEW YORK

Drexel Burnham Lambert, the aggressive Wall Street investment banking group at the centre of the US Government's investigation into insider trading, says that the inquiry will have no "material adverse effect" on its financial condition," Drexel said.

In its review for 1986 published yesterday, the bank

reported on a dramatically successful year and defiantly rebuffed speculation arising from investigations by the US Attorney and the Securities and Exchange Commission.

The bank, which pioneered and still dominates the market for corporate debt securities known as "junk bonds" is under investigation for its relationship with Mr Ivan Boesky, the disgraced arbitrageur who

has pleaded guilty to insider trading.

Drexel, which said it is co-operating fully with the inquiry, said: "Based on extensive ongoing investigation, we have no indication that any individual currently employed by the firm has done anything to violate securities laws."

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CSR lifts Pioneer Sugar bid

BY CHRIS SHERWELL IN SYDNEY

CSR, the Australian sugar, building products and resources group, yesterday sweetened its recent bid for Pioneer Sugar Mills, raising its cash offer and introducing a swap alternative.

The cash offer was increased from A\$2.20 to A\$2.50 a share, valuing Pioneer at around A\$250m (US\$178m). The alternative is one CSR ordinary share plus A\$1.20 cash for every two Pioneer shares.

CSR, Australia's tenth largest company and the country's

leading sugar group, already has a 30 per cent shareholding in Pioneer.

Yesterday's announcement also said Pioneer shareholders who accepted the cash offer will be entitled to apply separately at their option for CSR 10-year 8 per cent convertible notes of A\$4 each.

Pioneer owns and operates three mills in Queensland. It also has a steel reinforcing division, making it doubly attractive to CSR.

CSR, Australia's tenth largest company and the country's

leading sugar group, already has a 30 per cent shareholding in Pioneer.

Announcing the improvement, it said the offer was extremely generous, representing a premium of 39 per cent over the market price of A\$1.80 prevailing before the first offer. March 31. Pioneer closed yesterday at A\$2.40.

CSR's decision parallels a similar move in its separate takeover bid for Monier, the building products manufacturer.

Veba, which was fully privatised in March after the Bonn Government sold its remaining 25.5 per cent stake, had been promised a "fair and speedy

decision" from the Cartel Office Mr von Bennigsen said.

The deal will involve Feldmühle selling to Veba all its shares in its Dynamit Nobel subsidiary, which presently has assets of DM 5.5bn and employs 16,700.

Mr Rudolf von Bennigsen, Foerder, the Veba chairman, was reasonably optimistic yesterday that the deal would be permitted as, he said, it would not add to Veba's market share in chemical sectors.

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FOREIGN EXCHANGES

Pound up despite rate cut

STERLING BROKE through the DM 3.00 level yesterday despite substantial central bank intervention and a cut in base rates, following a better than expected performance by the Conservative Party in Thursday's local elections.

This was seen by the market as paving the way for a June election with no manifesto expected on Monday. Against this background sterling was in strong demand as overseas investors took advantage of a sharp rise in equities and Government paper.

The Bank of England conceded a further half point reduction in base rates but this had only a temporary effect and the pound finished towards the day's highs at DM 2.9850 up from DM 2.9880 and FFr 10.0050 from FFr 9.9650. It was seen as the pound's own 2.924.0 and rose in terms of the Swiss franc to SFr 2.4625 from SFr 2.46. Against the dollar it eased to \$1.6750 from \$1.6795.

£ IN NEW YORK

	May 8	Latest	Previous Close
1 Spot	1.6705-1.6715	1.6705-1.6706	
1 month	0.31-0.30	0.32-0.30	
3 months	0.22-0.25	0.23-0.25	
12 months	1.65-1.65	1.65-1.65	

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	May 8	Previous
8.30 am	73.8	73.4
7.37	73.7	73.4
11.00 am	73.7	73.5
12.00	73.6	73.5
Noon	73.8	73.6
1.00 pm	73.8	73.6
2.00 pm	73.8	73.6
4.00 pm	73.6	73.6

Spot rate is for convertible francs. Financial franc 62.60-62.70. Sh-month forward dollar 1.00-1.00. 12-month 1.23-1.23 at 1.00.

On Bank of England figures, the pound's exchange rate index rose to a high of 73.8 before settling back ahead of the weekend to 73.5, the same as Thursday's close.

The dollar finished on a firmer note, falling better than the expected US employment figures. The figure showed a total of 63,000 per cent of the working population without a job compared with 65,000 per cent in March. This was much better than expected and combined with price and short term interest rates, it showed the dollar closed at DM 1.7795 from DM 1.7700.

JAPANESE YEN—Trading range against the dollar in 1987 is 153.45 to 158.33. April average 142.68. Exchange rate index 228.5. The yen rose to 158.33 from 157.95, quickly soared to new peaks, and was further encouraged by the widely heralded cut of a half point in UK base rates which prompted a rise in the City of another rate cut very soon.

Government bonds also surged upwards on the back of renewed foreign demand, and the authorities took the opportunity to announce another £1bn stock issue.

The FT-SE index jumped 20 points within the first hour, and barely moved backwards until the end of the session. When the market moved into the forward dealing account period at 3.30 pm, the index showed a gain of 50 points.

Prices were trimmed at the close when Wall Street opened uncertainly, but there was no significant dilution of London's buying enthusiasm. At the close, the FT-100 index was up 300 up at a new all-time high of 1262.50.

The FT-SE index closed at 104.2.

D-MARK—Trading range against the dollar in 1987 is 1.3035.

The dollar rose to DM 1.7885 from DM 1.7795 and FFr 12.85 compared with Yen 12.85. Elsewhere it rose to SFr 1.47 from SFr 1.45 and FFr 1.9725 from FFr 1.9450. On Bank of England figures, the dollar's exchange rate index rose 0.95 to 104.2.

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The dollar rose to SFr 2.462

WORLD MARKETS

FT ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		THURSDAY MAY 7 1987				WEDNESDAY MAY 6 1987				DOLLAR INDEX			
Figures in parentheses show number of stocks per grouping	US Dollar Index	US	Change %	Pound	Sterling Index	Local	Currency	Gross	Div.	Yield	1987	1986	Year ago
Australia (94)	135.69	+2.3	119.78	126.85	2.77	132.61	116.68	124.10	135.69	99.92	96.40		
Austria (16)	92.15	-0.7	81.34	85.05	2.21	92.80	81.65	85.43	91.10	92.15			
Belgium (47)	120.53	+0.5	106.40	110.57	4.31	119.96	105.55	109.61	122.35	96.19	82.80		
Canada (39)	129.14	+0.9	114.43	125.45	2.32	128.42	112.99	126.25	128.42	100.00	99.27		
Denmark (29)	121.34	+0.2	120.20	121.13	1.21	121.13	112.92	112.92	121.13	100.00	100.00		
France (122)	121.82	+1.0	107.45	120.66	2.43	120.66	106.17	112.19	121.82	98.39	95.49		
West Germany (90)	95.42	-0.4	84.24	88.18	2.13	95.83	84.31	88.30	100.33	84.00	90.36		
Hong Kong (45)	104.46	+0.0	93.98	106.66	3.08	106.47	93.68	106.71	114.71	96.89	74.46		
Ireland (14)	127.24	-0.7	112.32	119.24	3.59	128.14	112.75	119.62	131.44	99.50	94.43		
Italy (105)	105.85	-0.7	91.07	101.95	1.47	101.95	91.07	91.07	101.95	94.00	94.00		
Japan (458)	158.89	+0.9	140.26	139.95	0.47	157.49	138.57	138.53	158.89	100.00	76.62		
Malaysia (36)	152.35	-0.2	134.49	144.84	2.61	152.66	134.32	144.99	152.55	98.24	67.65		
Mexico (14)	197.27	+0.4	174.34	259.69	0.83	180.26	158.61	236.71	197.27	99.72	50.65		
Netherlands (38)	117.08	+0.8	107.14	116.16	4.16	116.16	102.20	118.24	116.16	99.65	86.63		
New Zealand (27)	104.77	-0.2	104.83	105.39	0.32	105.39	98.51	105.39	104.77	100.00	93.50		
Norway (24)	127.95	+0.2	115.56	115.41	1.19	115.41	110.19	115.41	127.95	98.12	98.12		
Singapore (27)	126.93	-0.4	112.05	124.12	1.90	127.47	112.15	124.53	127.47	99.29	58.18		
South Africa (61)	176.67	+0.1	155.96	120.70	3.31	176.49	155.29	156.58	186.74	100.00	92.01		
Spain (43)	103.95	+0.2	91.77	98.17	4.19	106.25	93.99	98.61	121.31	100.00	89.64		
Sweden (33)	125.00	-0.5	104.48	120.20	2.01	120.20	107.00	120.20	125.00	100.00	90.50		
Switzerland (51)	99.96	-0.2	86.22	90.47	1.91	99.97	87.87	90.00	104.06	99.54	84.39		
United Kingdom (339)	139.41	-0.7	123.06	138.36	2.38	140.36	123.50	123.50	120.36	99.65	95.49		
USA (597)	120.75	-0.3	106.60	120.75	2.99	120.75	106.52	120.75	120.75	100.00	99.63		
Europe (532)	119.63	-0.3	105.60	108.55	2.91	120.04	105.62	108.51	120.04	99.78	94.57		
Pacific Basin (687)	156.05	+0.9	137.76	154.66	0.61	154.66	136.08	136.82	154.66	100.00	77.15		
Euro-Pacific (1619)	141.52	+0.5	124.93	126.41	1.39	140.85	129.93	125.54	141.52	100.00	84.02		
North America (728)	121.22	-0.2	107.01	121.02	2.96	121.46	106.86	121.26	121.46	100.00	99.62		
World Ex. US	132.12	+0.5	122.92	124.71	1.44	140.40	122.90	124.71	124.71	100.00	84.51		
World Ex. UK (2083)	132.81	-0.2	117.24	120.99	1.14	120.99	117.24	120.99	120.99	100.00	95.50		
World Ex. So. Af. (2611)	133.12	+0.2	117.51	124.47	1.98	132.81	116.96	124.02	133.12	100.00	90.46		
World Ex. Japan (1964)	121.28	-0.2	107.06	116.72	2.94	121.50	106.90	116.78	121.50	100.00	97.11		
The World Index (2422)	133.39	+0.2	117.75	124.47	1.99	133.09	117.10	124.02	133.39	100.00	90.47		

Base values: Dec 31, 1986 = 100. Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987. Latest prices unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series	May 87	Aug 87	Nov 87	Dec 87	Jan 88	Stock
Vol.	Last	Vol.	Last	Vol.	Last	Stock
GOLD C	4400	45	55	16	45	455.10
GOLD C	4420	52	57	16	45	455.10
GOLD C	4440	55	59	16	45	455.10
GOLD C	4460	50	59	16	45	455.10
GOLD C	4480	50	59	16	45	455.10
GOLD C	4500	—	161	10.38	15	455.10
GOLD C	4520	—	10	4.50	—	—
GOLD P	4440	58	60	12	7	455.10
SILVER C	5700	30	149	7	—	—
SILVER C	5820	30	149	7	—	—
SILVER C	5940	21	90	—	—	—
SILVER C	5970	12	44.50	7	—	—
SILVER C	6120	12	24.00	7	—	—
SILVER C	6140	—	—	—	—	—
SILVER C	6160	—	—	—	—	—
SILVER C	6180	—	—	—	—	—
SILVER C	6200	—	—	—	—	—
SILVER C	6220	—	—	—	—	—
SILVER C	6240	—	—	—	—	—
SILVER C	6260	—	—	—	—	—
SILVER C	6280	—	—	—	—	—
SILVER C	6300	—	—	—	—	—
SILVER C	6320	—	—	—	—	—
SILVER C	6340	—	—	—	—	—
SILVER C	6360	—	—	—	—	—
SILVER C	6380	—	—	—	—	—
SILVER C	6400	—	—	—	—	—
SILVER C	6420	—	—	—	—	—
SILVER C	6440	—	—	—	—	—
SILVER C	6460	—	—	—	—	—
SILVER C	6480	—	—	—	—	—
SILVER C	6500	—	—	—	—	—
SILVER C	6520	—	—	—	—	—
SILVER C	6540	—	—	—	—	—
SILVER C	6560	—	—	—	—	—
SILVER C	6580	—	—	—	—	—
SILVER C	6600</					

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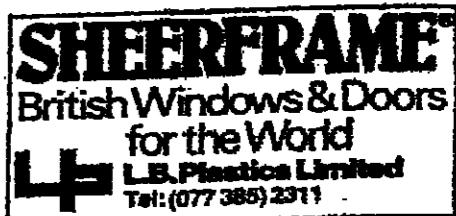
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FINANCIAL TIMES

Saturday May 9 1987



Bitter Hart withdraws from race

BY STEWART FLEMING, US EDITOR IN WASHINGTON

MR GARY HART, front-runner for the US presidential nomination, yesterday withdrew from the race and launched a bitter attack on the American system for selecting political leaders and the role the press plays in it.

Mr Hart, whose decision to quit came after reports about his association with a 29-year-old actress, said: "We are all going to have to seriously question a system for selecting our national leaders that reduces the press to the status of hunted and presidential candidates to being hunted that has reporters in bushes, false and inaccurate stories being printed and photographers peaking in our windows."

Further reports that the Washington Post was about to publish allegations of a relationship with another woman, seems to have significantly in-

fluenced the timing of Mr Hart's decision.

In tone and content, Mr Hart's resignation statement was more intellectual and less self-pitying than the retreat Mr Richard Nixon sounded in 1962 after failing to win election as the Governor of California when he remarked bitterly to the press that they would not have him to "kick around" any more.

But Mr Hart's comments seem certain to fuel the debate which has broken out as a result of the circumstances surrounding the collapse of his candidacy. The ethics of the press, the extent to which it should be permitted to delve into the private lives of political candidates and the ethical standards the candidates themselves should hold are now being hotly disputed.

The repercussions from Mr

Hart's withdrawal have already spread beyond the confines of this debate, however. For the past two days, as his withdrawal seemed increasingly inevitable, there has been mounting speculation about its impact on the Democratic Party and the other candidates.

There is universal agreement that a race which is already open—now nominally from Mr Hart's status was always a suspect—is now wide open. Some anticipate that his withdrawal will tempt new hopefuls into an already crowded field. But there is little agreement about how the money which he would have raised, or the voting support he had, will be redistributed, or how the members of his campaign staff will redistribute themselves among the other candidates.

Just how open the race now is evident from the fact that

a front-runner in the polls is Rev Jesse Jackson, the black populist preacher who ran for the nomination in 1984.

While there is sympathy for the circumstances which led to Mr Hart's downfall, it is tempered by a widespread perception that by flaunting his individuality and revelling in his status as an outsider, Mr Hart's campaign was destined to explode before the Democratic Party's convention next year.

His alleged womanising has been a political issue since the last presidential election. His critics say Mr Hart exercised poor judgement by putting himself in a position in which the issue could be turned against him so concretely, even if, as he maintains, his relationship with Ms Donna Rice was not sexual and he has not been unfaithful to his wife.

ABF pays £133m for Agricola's stake in Berisford

By Clive Harris

ASSOCIATED British Foods, the food manufacturer yesterday paid £133.2m for the 23.7 per cent stake in S & W Berisford, the UK sugar refiner and commodities trader, held by a subsidiary of Ferruzzi, the Italian agri-business conglomerate.

ABF, which owns such brands as Sunblest, Ryvita, Twinings Tea and Buiton's Biscuits, is controlled by the Weston family of Canada. It said it intended to retain the holding as a long-term investment.

The transaction took place without the knowledge of either Berisford or Tate & Lyle, Britain's oldest sugar group, which itself holds 14.9 per cent of Berisford.

Rival bids for Berisford by Ferruzzi and Tate & Lyle were blocked in February by the Monopolies and Mergers Commission. Each had been in secreted specifically in Britain Sugar, the Berisford subsidiary which controls more than half the UK sugar market.

Ferruzzi was required by the commission to reduce its stake in Berisford to no more than 14.9 per cent by February 1989. The Italian group said last night the sale by its Agri-Unit would yield a net profit of about £40m (£20m).

Mr Simon Metcalfe of County Farming said: "We have a production in Elstree until the end of June but after that the studio will be completely dark. We have been trying to get production for the studio but so far we have been unsuccessful," said Mr Jenkins.

The studio would be operated as a going concern under the Weintraub option and Gammon had already turned down higher offers from developers.

Closure was a clear long

term possibility if no production could be found, Mr Jenkins said.

The Rank Organisation recently cut the number of staff at Pinewood Studios by half to try to reduce costs.

Cannon would in the future concentrate on its British cinemas and planned refurbishment and expansion

last year by agreeing to pay £275m to the Bond Corporation of Australia for Thorn's Screen Entertainment division. Bond had owned the division for a week.

Cannon said at that time it had no intention of breaking up Screen Entertainment and would keep the cinemas, film library and Elstree Studios together as an integrated package.

Now the 2,000-film library, including Pathé News, has been sold. Elstree is up for sale and Warner Communications, the US group, has an option to take over 50 per cent of Cannon's European cinemas.

Mr Barry Jenkins, chief executive of the Cannon Group Europe, said things had altered beyond Cannon's control since they had said Elstree was not for sale.

One factor was Cannon's financial difficulties, and the other was the change in tax

law which meant tax on foreign actors filming in Britain would, from the beginning of this month, be withheld.

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Scheme to ease power station pollution

By David Fishlock, Science Editor

BRITAIN's coal-fired power stations will be fitted with burners designed to reduce emission of gases that contribute to acid rain.

The 10-year programme will cost £170m and will deal with nitrogen oxide (Nox) gases. It was announced yesterday by Mr William Waldegrave, the Environment Minister. Forty-four boilers and about 2,000 burners will be converted.

It will enable the Government to demonstrate, at an international meeting due to be held in Geneva next week, that it is taking action in the case of one big source of Nox. At the meeting, governments will attempt to agree levels of Nox emissions.

These are particularly responsible for damage to forests.

About 40 per cent of Nox emitted in Britain is attributed to coal-fired stations and a similar amount to exhaust gases from motor vehicles.

The British Nox control programme, to be mounted by the Central Electricity Generating Board in parallel with a sulphur dioxide control programme announced last year, is expected to cut emissions of such gases from power stations by up to 30 per cent.

Lord Marshall, CEBG chairman, said the board was "encouraged by the substantial reduction achieved in trials at Fiddler's Ferry power station in Cheshire, which apply to about 7,000MW of gross capacity".

Lord Marshall said that, unlike methods of dealing with the sulphur problem, no big capital expenditure or planning approvals were needed.

Lord Marshall reported the results of the trial to Mr Peter Walker, Energy Secretary, in March and asked for investment approval. He would not normally have expected approval to be given before the end of the year.

A modified coal burner and oxygen feed system, designed by Northern Engineering Industries to a CEBG specification, has been used at Fiddler's Ferry.

Fuel is burnt in two stages, initially with a restricted oxygen supply. Under such conditions, nitrogen gas remains inert in the coal during the second stage of combustion, rather than being converted to Nox.

Troubled Cannon Group puts Elstree Studios up for sale

By Raymond Snoddy

ELSTREE STUDIOS, one of the premier British film studios, has been put up for sale by the financially troubled Cannon Group which bought it from Thorn EMI last year.

Mr Jerry Weintraub, chairman of Weintraub Enterprises of Los Angeles, has been offered an £25m (£14.9m) option to buy the studio as a going concern. The option runs until May 28.

Mr Weintraub was given the option on Elstree as part of the recent \$84.79m purchase from Cannon of the former Thorn EMI Screen Entertainment film library.

Cannon, the film company run by the Israeli-Sus cousins Mr Menahem Golan and Mr Yoram Globus, astounded the British film industry in May

last year by agreeing to pay £275m to the Bond Corporation of Australia for Thorn's Screen Entertainment division. Bond had owned the division for a week.

"We have a production in Elstree until the end of June but after that the studio will be completely dark. We have been trying to get production for the studio but so far we have been unsuccessful," said Mr Jenkins.

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The Rank Organisation recently cut the number of staff at Pinewood Studios by half to try to reduce costs.

Cannon would in the future concentrate on its British cinemas and planned refurbishment and expansion

Australia's largest gold mine operator to sell 25% stake

By Chris Sherwell in SYDNEY

NEWMONT MINING of the US, which operates Australia's largest gold mine, is to sell 25 per cent of its Australian gold interests in what is believed to be the country's largest public flotation.

The group is offering 150m shares in Newmont Australia at A\$2.10 per share to raise A\$31.5m (£13.3m). This will give the listed company a market capitalisation of A\$1.26bn.

The offer follows closely by the shares internationally through a syndicate headed by Warburg Securities in London. The local offer of the remaining 105m shares will be underwritten by Macquarie Bank and Potter Partners, both of Australia.

Mr David Tyrwhitt, managing director of Newmont Australia, said the group's production, from three gold mines, was 117,000 ounces last year, and is expected to rise to 275,000 ounces by 1988.

Nowmont will offer 45m of the shares internationally through a syndicate headed by Warburg Securities in London. The local offer of the remaining 105m shares will be underwritten by Macquarie Bank and Potter Partners, both of Australia.

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The moves reflect the continuing surge of interest in gold and gold stocks as a result of uncertainties about

international currencies and future production from South Africa, the world's biggest non-communist producer.

In Australia, gold's renaissance has helped drive the stock market to record highs in an otherwise dismal commodity price picture for the resource-rich continent.

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CHIEF LONDON PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES	FALLS
Ladbroke 407 + 9	
Treas \$15 2007 ... 229.7 + 11	
AC Edges 515 + 50	
Assoc Brit Foods ... 382 + 27	
Blue Circle 875 + 20	
British 282 + 9	
Dixons 408 + 21	
Enterprise Oil 273 + 29	
Firs Nat Fin ... 305 + 14	
Fisons 702 + 28	
Garner Booth 298 + 27	
Glaxo 1143 + 19	
Harris Queensway ... 233 + 194	
ICI 1157 + 37	
	FALLS
Marks & Spencer 2401 + 14	
Medicor 223 + 15	
West Nat Bank 920 + 22	
Peachey Prop ... 425 + 47	
Poly Peck 252 + 14	
Sainsbury (J.) 546 + 32	
Saltlight Services ... 320 + 22	
Taylor Woodrow ... 407 + 46	
Tesco 293 + 29	
Vaill Pepper 240 + 18	
Woolworth 867 + 31	

WORLDWIDE WEATHER

Y/day	middle	Y/day	middle
Ajaccio S 15 64	Dallas F 17 63	Madeira F 11 62	Prague F 14 57
Algiers S 15 64	Dublin F 17 63	Madrid F 22 72	Raykjavik F 19 58
Amman S 15 64	Edinburgh S 17 63	Malaga S 21 70	Rio J. F 19 58
Athens S 19 68	Faro S 17 63	Paris F 18 65	Rome S 18 62
Bahrain S 34 53	Florence S 21 70	M'str. S 19 68	Stockh. S 18 62
Barcelona S 18 53	Gibraltar S 21 70	Naples S 21 70	Tel Aviv S 24 75
Beldj. S 12 54	Genoa S 14 58	N. Delhi S 27 81	T'ronot S 22 63
Berlin F 14 67	Gibraltar S 22 72	Singap. T 22 73	T'ronot S 22 63
Brisbane S 19 64	Glasgow S 17 63	Singap. T 22 73	T'ronot S 22 63
Bulgaria S 15 64	Glasgow S 17 63	Singap. T 22 73	T'ronot S 22 63
Burm. S 15 64	Glasgow S 17 63	Singap. T 22 73	T'ronot S 22 63
Brussels S 12 55	Glasgow S 17 63	Singap. T 22 73	T'ronot S 22 63
Cardiff S 19 68	Jersey S 17 63	Singap. T 22 73	T'ronot S 22 63
Cape T. S 18 64	L. Pima, F 21 70	Singap. T 22 73	T'ronot S 22 63
Chicago C 11 62	London C 20 68	Singap. T 22 73	T'ronot S 22 63
Cologne F 11 62	London C 20 68	Singap. T 22 73	T'ronot S 22 63
Const. S 18 67	London C 20 68	Singap. T 22 73	T'ronot S 22 63
Corfu S 19 68	Lumb. S 15 69	Singap. T 22 73	T'ronot S 22 63
C-Sunny	London C 20 68	Singap. T 22 73	T'ronot S 22 63
S-Sunny	London C 20 68	Singap. T 22 73	T'ronot S 22 63
Cloudy	London C 20 68	Singap. T 22 73	T'ronot S 22 63
F-Fog	London C 20 68	Singap. T 22 73	T'ronot S 22 63
H-Hail	London C 20 68	Singap. T 22 73	T'ronot S 22 63
Light-Snow	London C 20 68	Singap. T 22 73	T'ronot S 22 63
Light-Snow	London C 20 68	Singap. T 22 73	T'ronot S 22 63
Light-Snow	London C 20 68	Singap. T 22 73	

WEEKEND FT

Saturday May 9 / Sunday May 10 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

FOG HAD reduced visibility to 50 metres at Croydon Airport on the morning of December 9, 1936, but aircraft continued to depart. At that time, whether conditions were safe for flying, and taking off in fog had become normal practice since airliners had been equipped for blind flying. A white line on the grass of the airport guided pilots in the safe direction for take-off, and they flew by their instruments when airborne.

The dangers of this simple system were tragically demonstrated. When the pilot of a KLM Douglas DC-2 tried to take off, he began to turn to the left of the white line after 200 metres of his take-off run. Once away from the white line he became disorientated by the fog and continued on a curving path until the DC-2 was running at right angles to the correct path, banked over with only its left wheel on the ground. He finally managed to get both wheels in the air only 80 metres from the boundary of the airport. Although the wheels struck the boundary fence, the DC-2 kept airborne, and continued climbing slowly towards the south. But the ground rises to the south of Croydon, and the aeroplane's climb was too slow to carry it over the ridge. The DC-2 hit the roof of a house on the north side of the road along the ridge, dropped into the road, crashed into a house on the south side of the road and burst into flames. Of the 17 people on board, only one passenger and the stewardess survived.

The Air Ministry's inquiry into the accident blamed the pilot for an "error or airmanship" in allowing his aircraft to swing off the white line when taking off, and for an error of judgment in failing to stop when he had lost sight of the line. The report nowhere discussed the safety of the system at Croydon, nor the greater difficulty of following a white line in fog in an aeroplane that took off at 70 mph, rather than at 50 mph, like the older biplanes. At 70 mph it would have been virtually impossible to follow the line visually, so the only practicable method of take-off would have been to rely on instruments. If the pilot of the DC-2 had been watching his instruments, he would have known that he was swerving dangerously off course. He was probably not the first (and certainly not the last) pilot to crash because he relied on his senses more than his instruments in conditions where the instruments were to be preferred.

The risk of being killed when flying on a British airline is one four-hundredth of the risk in the late 1930s, and less than half that of being killed when travelling on British Rail. The transformation has come about through progress in technology and changes in attitudes. Technology has made aircraft more reliable, more powerful and more easily controlled and provides instruments which can perform many tasks which pilots had to undertake in the 1930s; attitudes have become more trustful of technology and less trustful of human judgment, more willing to accept regulations and less willing to trust the captain. Pilots now have to take fewer decisions when flying because more are taken by instruments or regulations. The remaining decisions are more likely to be influenced by caution.

One decision that the captain no longer has to make is whether conditions are fit for flying. The Civil Aviation Authority now has to approve the regulations set by each airline. The minimum visibility in which it permits a take-off for an airliner with modern

Coming in on a wing and a prayer is no longer necessary. Technological advances have transformed aviation safety. David Sawers explains

Happier landings

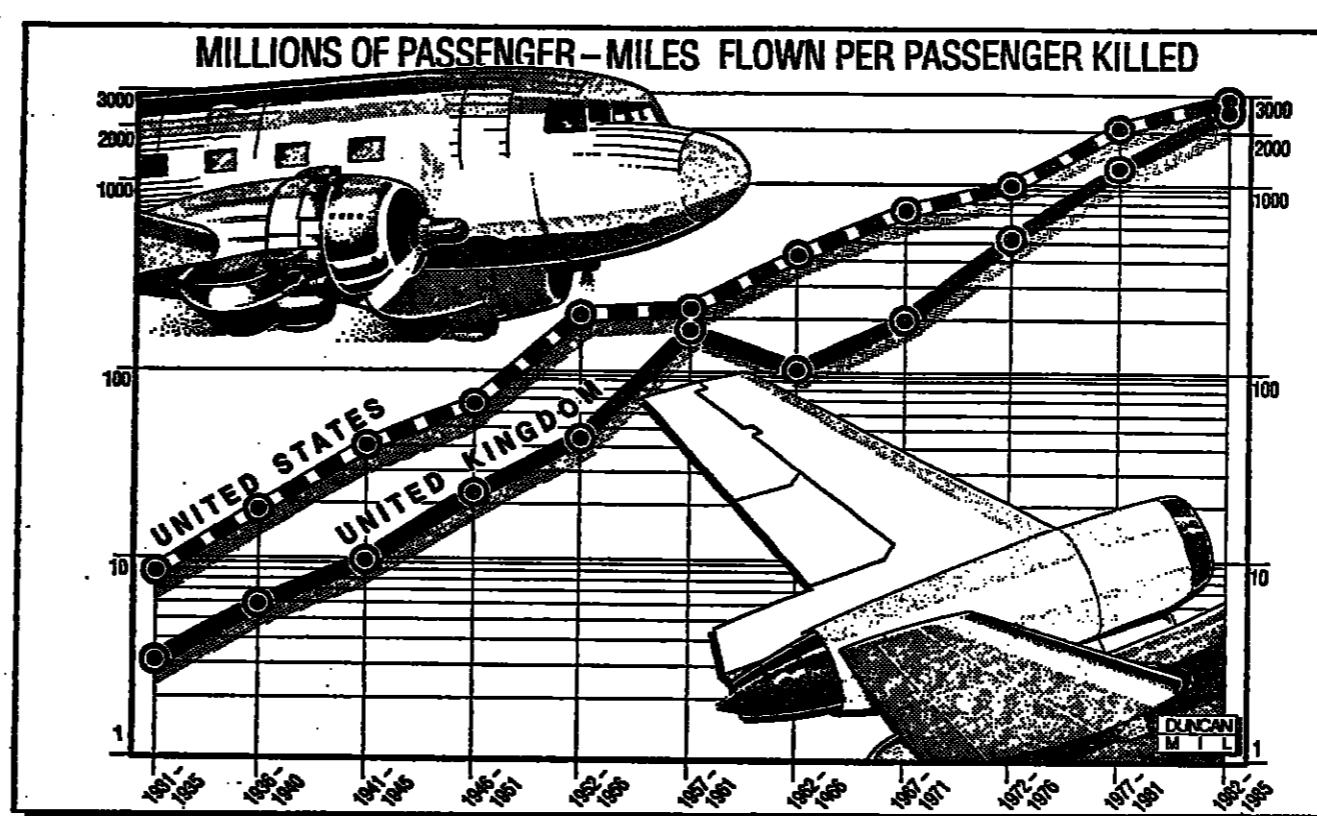
equipment, using a lighted runway, is 150 metres. For business aircraft of the size and performance of the DC-2 using an airport without runway lighting like Croydon, it recommends that a take-off should not be attempted in visibility of less than 600 metres. What was regarded as normal in 1936 was regarded as foolhardy today.

The DC-2 crash led to suggestions that the pilot should not have to decide whether conditions were safe for flying because he might be influenced by the desire to keep the service going — or to demonstrate his ability to fly in bad conditions. Such suggestions were ridiculed in the international press. How, editorial in Flight argued, could some official know better than the pilot whether it was safe to fly; only the pilot could know whether it was safe to take off any particular aeroplane in any particular conditions. The accepted attitude in Britain, then and until around 1950, was that the skill of the pilot determined the safety of flight. The judgment of the pilot should therefore be supreme.

This attitude may have survived so long in Britain because many influential individuals in airlines and government were survivors of the pioneering days when everything did depend on the skill of the pilot. Some had come from the RAF where attitudes were as conservative as the designs of the biplanes it was still buying in the 1930s. The British Government did not require airlines to produce operational handbooks — guides for its staff, which include instructions on the minimum visibility for taking off or landing at each aerodrome — until the International Civil Aviation Organisation recommended its members to do so in the late 1940s. The US Government had required airlines to provide operational handbooks in 1934.

The British Government did not trouble to approve the minimum visibility standards of the airlines until a committee headed by aviation pioneer Lord Brabazon recommended that it should do so in 1951; by then Britain and the Netherlands were the only major aeronautical nations in which the government did not impose such controls.

This reluctance of British governments to regulate the safety standards provided a strange accompaniment to their enthusiasm for controlling the airlines' commercial activities — especially when alleged safety benefits were often used to justify the controls. In the US, closer regulation of safety has been combined with commercial competition. In the 1930s, American safety regulations were about 20 years ahead of British regulations — and are still rather tougher — which must be one reason why passengers on British airlines were, until recently, more likely to be killed than passengers on US airlines.



Technical progress in the design of instruments and control systems has eliminated the need for more decisions by pilots. Automatic or semi-automatic landing have done most to reduce accidents by giving instruments which do not need to see. No major accident has occurred during an automatic landing, but accidents continue to occur when pilots control the aircraft themselves. Even when visibility is good enough for visual landings to be permitted, landing aids can guard against human error.

When the DC-2 crashed at Croydon, the first step in the development of modern aids to landing had just been taken. The Lorenz beam, a radio beam that guided pilots along the correct approach path to an airport, was being installed at Croydon and had been installed at several European and US airports — it had been developed by the US Bureau of Standards, though the original idea went back to a patent taken out by Lorenz in 1907 with the government of ships in mind. The pilot still had to rely on his altitude to judge his descent, and the signals were slow to warn of deviations from the correct path, so the system was far from foolproof but better than nothing.

The modern instrument landing system, which guides an aeroplane in altitude as well as direction, did not come

until the 1950s, and its development into automatic landing systems came in the late 1960s. These systems linked the aeroplane's autopilot to the instrument landing system, which itself was made more accurate so that an aeroplane could be pulled automatically right down to the runway and then guided along it. The system can then be used to guide the aeroplane along the runway for take-off. Minimum visibility in which aircraft are allowed to take off with this aid is 150 metres.

Getting the benefits of automatic systems involves making them so reliable that failures are virtually unknown, so that pilots have no excuses for relying on their own skill and understanding how the new system works. Accidents have happened because pilots thought the automatic system was faulty and switched it off when there was nothing wrong. In an accident at Gatwick, the pilot of an Afghan Boeing 727 disconnected the automatic pilot from the instrument landing system and made a manually controlled approach in fog for take-off. The aircraft struck a house a mile-and-a-half short of the runway. Most of the passengers were killed in the fire that followed.

This was one of many accidents that might have been avoided if the 727 had been fitted with a ground proximity warning system which warns the pilot to pull up if his altitude has become dangerously low.

Reliability is the other gift that technology has provided. In the late 1930s, 14 per cent of accidents in the US were caused by engine failures. Until the recent troubles of the Pratt and Whitney JT8 engine failure had become a rarity. The jet engine has become amazingly reliable because it is so much simpler than the piston engine, and there are few parts to go wrong. With modern methods of monitoring an engine's condition, overhauls no longer need to be undertaken at regular intervals and engines may run for years between major overhauls.

This reliability can prove a disadvantage if serious defects arise — like the crack in the combustion chamber of a Boeing 727. The aircraft struck a house a mile-and-a-half short of the runway. The light merely indicated that one system was overloaded, not that it was defective. The pilot then allowed the aeroplane to descend below the glide path because he was looking out the window to try to spot the approach lights instead of watching the instru-

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complacency.

The improvement in safety standards among airlines has left enormous differences internationally. Flying may be the safest form of transport on the airlines of Australasia, North America, Europe and Japan, but this distinction is less certain in Africa, Asia and South America, where the rate at which jet airliners get written off in accidents is twice the European rate, four times the US rate and ten times the Australasian rate. Flight International's review of international airline safety shows that the risk of being killed on an US airline is about one ninth of the risk on Indian or Venezuelan airlines, one twenty-sixth of the risk on Colombian airlines, and one forty-sixth of the risk on Turkish airlines.

Australasian airlines have long been the safest in the world, whether safety is measured in terms of serious accidents or deaths; the run-ups are closely bunched and vary over time. French, German, Scandinavian, and US airlines come in the second bunch. British airlines have recently joined them but the Japanese dropped out after the 1985 crash, a 747 that killed 515 passengers. The British record has been better than average over the last dozen years, but it was much worse than average in the previous decade.

These international differences are caused by the same factors that have made flying safer over the last 50 years. The extent to which flying has been automated varies internationally as do the natural hazards of weather and geography. A pilot in Africa and South America will have less assistance from ground-based systems — there are still airports without instrument landing systems — and will have to face more rain, stormy weather and mountains than a North American or European pilot. The crash that killed President Machel of Mozambique shows the hazards faced by pilots in Africa: there was no traffic control radar to tell the pilot he was miles off course.

People have to accept that the instrument knows better than the person and that the most common cause of accidents is to believe otherwise and deviate from the rule book. There is no place for individualism or the hero in safe flying; this may explain why the British airlines had a poor safety record until the 1970s. The pilot as hero and captain of his machine had a long run in British tradition, but it might have been fatal for many passengers. Glamour and excitement do not belong in a safe and profitable mass transport business, which is what air transport became long ago in the US and more recently in Europe.

Now that flying has become so safe in Europe, the US and Australasia, what is likely to be worthwhile is increased automation of the pilot's task, which would make airlines able to provide more reliable services as well as reducing the risk of accidents, plus improved features like collision avoidance and wind shear systems. Progress in this direction has already allowed the normal crew to be reduced from three to two pilots, but it is unlikely to make one pilot acceptable for airliners, even if it is accepted for trains: a train can stop if the driver has a heart attack, but airliners need some human guidance to descend to earth. When they need no such guidance they will need no pilot, and this wholly automated aeroplane would be the safest of all. Passengers, however, may need some persuading to fly without a pilot, even if this development was the last logical step in the progress of safe flying.

The Long View

Success story breeds more success



Until a few years ago, unit trusts were the poor relations of the investment world. Now, however, their prospects look much better. Barry Riley looks at the factors which are helping to boost their popularity

grown, with income reinvested, to £7,077, while a building society term share account would only have accumulated to £2,545 over the same period.

Mind you, if the unit trust had kept pace with the FT Actuaries All-Share Index, it would have grown to over £8,100, but that's another story.

At any rate, unit trust managers report that a good part of the recent upsurge in

sales reflects the way that existing, satisfied customers have been coming back for more.

And falling interest rates could provide more grit for the unit trusts' mills.

When rates drop, building society investors are encouraged to move into the long-term capital markets to seek the capital gains that could offset their declining income.

But there are also important

tax reasons for the upsurge in trust sales. Until a few years ago unit trusts were the poor relations of life assurance in terms of tax treatment, but that has now been reversed.

Unit trusts were given shelter against capital gains tax on switches within a fund, life assurance premium relief was abolished, and now, in the recent budget, the tax rate on life capital gains has been raised — a notch or two.

So a number of big insurance companies, as Prudential, Standard Life and Commercial Union have been making major waves in the unit trust business. Moreover, insurance intermediaries, sensing the way the wind is blowing, have been promoting unit trusts, though the commissions are usually not so attractive for them as for the time being.

With new entrants, the number of individual authorised unit trusts has been mushrooming, topping the 1,000 mark in the first quarter of this year. This has greatly increased the scope for portfolio management services for unit trusts.

Such switching activities can provide lucrative commissions for intermediaries. An enormous turnover from one trust to another has developed, the currently popular move being to take profits on Japanese funds and switch back into the UK.

Interestingly, the same kind of multiplication of funds has been taking place in the US, where there are approaching 2,000 mutual funds, much more than double the number of five years ago. In fact there are now more mutual funds than there are companies (nearly 1,600) listed on the New York Stock Exchange.

In a very real way, the unit trust and mutual fund promoters on both sides of the Atlantic are using specialisation to replicate the variety of

Books: The new Oxford Illustrated History of Literature X

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Motoring: Supercharged supermini: Daihatsu Charade IX

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Bridge VII VIII VIII Property XVII XVII Travel

Chess XXIV Crossword

Oppenheimer

Two year performance to 1st May

Trust	Percentage increase in value	Position in sector
European	+131.1	5th
Worldwide Recovery	+104.8	2nd
Pacific	+98.5	13th
Japan	+96.0	26th
International	+86.2	9th
Income & Growth	+84.1	5th
UK	+82.4	37th
Practical	+71.6	1st
High Income	+59.6	13th
American	+16.7	30th

Figures to 1.5.87. Source: Opal, offer to bid. Income reinvested.

Above we detail the performance of all our onshore authorised unit trusts.

For further details about any of the above funds, write to Oppenheimer Trust Management, Mercantile House, 66 Cannon Street, London EC4N 6AE.



A member company of the Mercantile House Group.

• MARKETS •

Through the roof

IT would be hard to conjure up a set of circumstances more guaranteed to send the London market through the roof, which is where it went yesterday.

Investors woke in the morning to find that the Tories had done well in the local government elections, making a clear Conservative victory a firm odds-on bet. And a few hours later the Bank of England obliged by finally ending its week-long resistance to a further cut in base rates, which promptly fell a half a percentage point to 3 per cent.

Hardly surprising, then, that the FTSE 100 index soared away, to close at 2128.5 up 58 on a week before.

A further early cut in interest rates—up top of last week's half a percent reduction—had seemed a near certainty ever since Tuesday, when official figures revealed an unexpectedly large rise to a near-record level in Britain's foreign currency reserves in April. The reason was very substantial: Bank of England intervention, to slow the appreciation of sterling against other currencies.

But with the local elections going so well for the Tories, thus putting even more upward pressure on sterling, the stronger corrective medicine of an interest rate cut became inevitable.

And all this was music to the gilt market. On Tuesday it exhausted the Government's film tap, which was only issued the week before. The yield on long-dated gilts now seems at the point of falling below that on US long bonds, as American

rates rise in response to the dollar's weakness.

The UK equity market, for its part, has shown itself capable, over the past couple of weeks, of upward momentum to record heights, with a degree of detachment from the rather less buoyant albeit highly volatile New York and Tokyo markets. The election result, the strength of sterling, both of which have encouraged foreign buying, explain this.

But whether the market will

London

continue to make strong progress over the next few weeks is another matter. If history is any guide, it may well do so.

The announcements of the 1979 and 1983 election dates were accompanied by an initial dip in the market following the health run up to polling day.

1983, however, another year in which a Tory victory seemed a racing certainty, the market reacted downwards in the immediate aftermath (and anti-climax) of the Conservative win. The same might happen again if Mrs Thatcher were to go for June, and be returned for a third term.

But for the moment, at least, euphoria is the order of the day, a mood reflected in the extraordinary public enthusiasm this week for the latest privatisation offering, the offer-for-sale of Rolls-Royce, the aeronautical engine maker.

This was said to be a flotation aimed at the professional

investor rather than Mr Sid Public, who was courted so successfully by British Gas (though prime-time television advertisements lauding Rolls' achievements seem a curious way of going about this).

In the event, a last minute rush of applications by small investors meant an embarrassing shortage of subscription forms—and, even then, over-subscription will mean an inevitable heavy rationing of shares. Many of the applicants seemed motivated by the desire to make a quick killing when dealings start. They may be disappointed by initial earnings which the market might be allocated only 200 shares each, which on a 30p a share premium might only produce a first-day profit of around £30 after dealing and other costs.

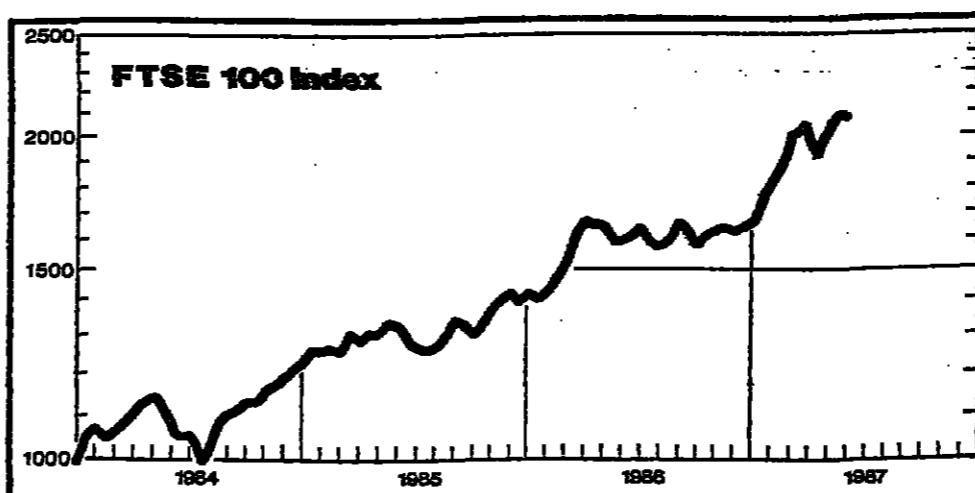
Much of this week's excitement has been concentrated in the retailing sector, which has been firm generally on the expectations of a boost to demand and consumer credit from the interest rate cuts.

More specifically, Marks & Spencer came up with figures for the year to March which were well ahead of the market's expectations: pre-tax profits up 18 per cent to £432m, thanks to a good second half. It managed to increase its market share, while its profit margin was also shown to be healthy improvement. The figures gave an answer to critics who argued that Marks' major revamping and expansion programme—designed to cope with the threat from specialist retailers—might hold back profits.

For the current year, analysts have upgraded their pre-tax profits forecasts to around £500m, helped along by further margin gains, and Marks' in-house charge card scheme finally moving into profit. That puts the shares on a prospective p/e of about 20, which is good value for a company of such proven quality—even though doubts must remain about its long-term ability to keep up its growth rate in Britain's highly competitive high streets, or the prospects for its planned expansion into the US.

In sharp contrast to M & S, furniture and electrical retailer Harris Queensway produced a very flat set of full-year figures. Pre-tax profits were up 20 per cent to £20.1m, but after allowing for one-off property gains and adjusting for share issues, earnings per share were ahead by only 5 per cent.

The major problem was the electrical division, which Harris entered some years ago as a diversification from the stagnant carpet and furniture market. This swung into a £7m



loss, and will still not be profitable this year, though Sir Philip Harris, the chairman, maintains that he will get the formula right over the next 12 months. And electricals will remain a very important part of the group. But there is some very strong competition out there, from the likes of Dixons, and Woolworth's Comet chain.

This week they clashed, when Mr Davies topped by about £20m the recommended £300m bid Mr Ratner launched last week for Combined English Stores, one of this sector's less exciting performers.

Mr Ratner is mulling over his next move, but to come back with a higher offer would threaten his shareholders with dilution.

As it happened, the figures coincided with publication of a survey showing that Harris Queensway, once one of the darlings of the stock market, is now regarded by brokers as one of Britain's worst performing large companies. Certainly the shares, assuming pre-tax profits this year around £60m, do not seem undervalued on a prospective p/e of 12.

Two of the current stars of the retailing sector are Mr George Davies of Next, the fashion, furniture and mail order business, and Mr Gerald Ratner, the youthful chairman of the eponymous jewellery

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company	Value of bid	Market price	Price/	Value of bid	Market
Values in pounds unless otherwise indicated					
Anglo-Nordic Bldgs	3114.4	35	25%	1200	Scandinavian
Apex Fpns	129.7	125	10%	140.6	Switzerland Int'l
Avon Group	320.4	725	43%	200.0	UK
Brit Car Auctions	253.4	225	22%	180.0	Motorway Group
Brown's (C)	330	311	110	140.0	Whitbread Holdings
Car Parts	310	220	22%	140.0	Gilbert House
Carroll Financial	465	270	15%	180.0	Britishair Int'l
Chubb Eng Stores	402	365	20%	220.0	Nordic
Comco	320	225	22%	140.0	UK
Concord	210	120	20%	100.0	UK
Corus	127.4	125	10%	100.0	UK
Denner	325	71	40%	110.0	Parsons
Deutsche Insel	72.5	60	10%	100.0	Deutsche Oveta
Exco Ind'l	307.4	350	20%	140.0	UK & Co
Europa Fertilisers	130	120	10%	100.0	P & O
Fairfax	47	22	22%	100.0	United Breweries
Garner Beach	300	225	22%	100.0	Pitfield
Gartner Health	275.4	225	22%	100.0	Robertsons Bros
Geoff (L)	180.4	180	20%	100.0	UK
Hilliers	38.0	200	11%	100.0	Switzerland (UK)
Homes Farnell	180.4	180	20%	100.0	UK
Horchard	200	120	20%	100.0	Wadebridge
Hod Landref	200	120	20%	100.0	Brugge Min'l A4
Johns Braehead	440.4	425	20%	100.0	Erskine
London & Niles	52.0	50	20%	100.0	Mount Charlotte
London Fk Bldgs	351	500	20%	100.0	Lei International
Media Technology	171.6	160	10%	100.0	UK
Miles 321	320	320	20%	100.0	Mobile Telep
Michael Somers	200	200	20%	100.0	Mobile Moore
Midland Proprietary	200	200	20%	100.0	UK
Monkton's Lads	77.4	77	10%	100.0	Inspektor E. & G. Gyp
Peelcom	200	120	20%	100.0	Neaven-Treks
Permitron Tech	27	200	10%	100.0	Peak Holdings
Scott Greenfield	25	25	10%	100.0	UK
Standard Seas	300	300	20%	100.0	Local London
Stockley	130.4	120	10%	100.0	UK
Sunlight Services	200.4	200	20%	100.0	Woolwich Mktg
Telecom	240	220	10%	100.0	Barrowgate Wms
Trade Press Servs	202	207	10%	100.0	EMAP
Ukl Leasing	207	201	10%	100.0	Inspektor E&M
WHL Ridge	200	200	20%	100.0	Grange

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 p.m. prices 5/5/87. || At suspension. # Shares and cash. ¶ Related to NAV to be determined. ||| In Lm stock. §§ Suspended.

Martin Dickson

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit	Dividends	Dividends
		£m	per share	per share
Allied Insurance Gp	Jan 819	(\$0.1)	7.0	1.5 (-)
Altrivere Bldgs	Dec 762.1	(1,800)	26.5	10.0 (-)
Boat Henry	Dec 2,410	(2,130.0)	34.5	10.0 (-)
Clarke's	Dec 2,710	(2,070)	5.4	4.7 (-)
Davidson & Nethers	Dec 6,032	(2,600)	10.0	10.0 (-)
Fletcher Dennis	Jan 212.1	(1,000)	1.1	1.1 (-)
Forward Group	Jan 512	(1,000)	1.1	1.1 (-)
Garrett & Co	Mar 206	(645)	1.0	1.0 (-)
GKA Group	Dec 1,240	(645,000)	2.0	0.9 (-)
Harris Greenway	Jan 30,100	(50,000)	16.0	14.0 (-)
Holt Joseph	Dec 3,200	(3,050)	6.5	6.0 (-)
Hollis Lloyd	Feb 7,440	(6,320)	8.2	4.0 (-)
Hopkinsons	Jan 8,140	(6,000)	11.0	10.0 (-)
Jefferson Smarfit	Jan 54,000	(20,040)	16.3	16.3 (-)
John Ratner	Apr 1,700	(1,330)	1.7	0.8 (-)
King & Sherriff	Apr 6,200	(200,000)	10.4	4.5 (-)
Mill Research	Jan 1,610	(716)	10.0	5.0 (-)
Miles	Dec 30,200	(30,100)	27.0	2.4 (-)
Minty	Jan 105	(15,000)	—	— (-)
Nordin & Peacock	Jan 17,850	(15,720)	14.7	4.5 (-)
Silentnight	Jan 5,370	(270)	7.5	5.0 (-)
Southshaw R.	Dec 414	(411)	10.7	11.0 (-)
TDS Circuits	Feb 4,782	(4,000)	12.6	10.0 (-)
Time Products	Mar 1,400	(1,220)	12.6	10.0 (-)
Turner & Carlisle	Feb 725	(610)	20.0	14.0 (-)
Twinkles	Dec 263	(367)	2.0	1.6 (-)
Usher Walker	Dec 705	345	18.2	10.7 (-)
Wace	Dec 227	(367)	4.4	3.5 (-)
Windham	Jan 3,020	(2,550)	2.0	1.4 (-)

INTERIM STATEMENTS

Company	Period to	Pre-tax profit	Dividends	Dividends
		£m	per share	per share
Barber Transport	Mar 110	(120)	—	—
Capitol Radio	Mar 1,330	(634)	2.0	—
Crestline	Mar 12	(219)	—	—
Eagle Trust	Dec 1,471	(233)	—	—

• MARKETS •

Optimism is intact

AS THE dust settles after last month's upheavals in the US bond market, and the Japanese insurance companies come dutifully marching back with their bids for long-term Treasury paper, it is beginning to look as if the whole episode was a storm in a teacup—at least from the equity investor's viewpoint.

The stock market's performance this week has brought the Dow Jones Industrial Average to within 3 per cent of its record close of 2405.05 on April 6. And it is becoming clear that equity investors have viewed the large and potentially distressing rise in US interest rates as an opportunity to hunt for bargains, rather than a signal to sell.

In other words, the optimism which has powered the "bull market of a lifetime" remains intact. Indeed, the sentiment would soon turn even more aggressively euphoric, as it begins to appear how easily the bull market has survived its biggest ever test.

Its biggest ever test? A few months ago that would have sounded like a plausible description of the biggest jump in long-term interest rates since early 1980. These days such trifles may seem relatively unimportant, as corporate earnings surge ahead of analysts' expectations. Nevertheless, for

Wall Street

dealt a mortal blow to equity investment, what constituents can be drawn from Wall Street's remarkable resilience in the last few weeks?

To the unreconstructed sceptic, the answer is obvious. The next few months will bring exceptional short-term risks and opportunities on Wall Street. There is increasing confidence building up again among investors. As prices overcome successive challenges such as the recent jump in interest rates, that confidence will turn into complacency. The classic prerequisites will then finally be in place for the phase which comes at the end of nearly every bull market. In that final phase the market's volatility will tend to become extreme and there will be large profits to be made on both the buy side and the sell side—but only

a market whose motive force is almost universally perceived as being rising valuations, rather than rising earnings, it is hard to imagine a bigger test than the 12 point drop in bond prices which has occurred since late March.

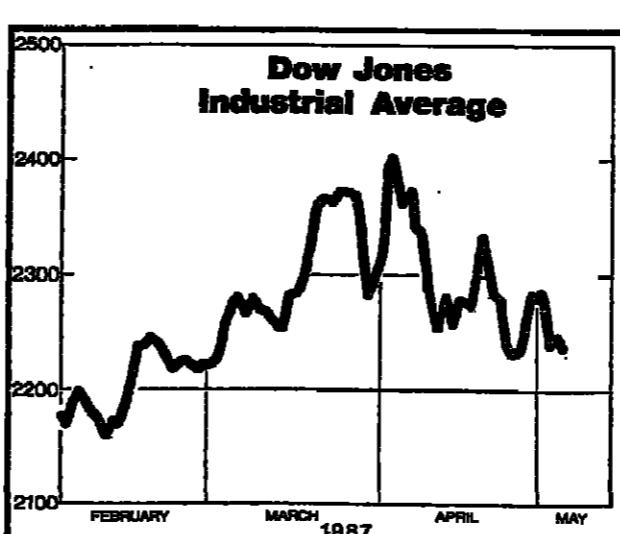
Assuming, then, that higher interest rates could, under different circumstances, have

for the fleet-footed investor.

For those of a less sceptical cast of mind, however, two other theories are worth considering. The first is simply that the bond market, in its panic about the dollar and Japanese inflows, may have misunderstood the future. At a yield of 8.7 per cent, 30-year Treasury bonds may soon start looking attractive again in an economy where inflation remains relatively subdued. They could become irresistibly attractive if Japan and Germany are forced to go to lower their interest rates in order to defend their export industries from the ravages of the falling dollar.

The second argument, which has already been suggested, is simply that the market's driving force has changed from higher valuations to higher earnings. Valuation figures such as price-earnings ratios are generally supposed to be closely linked to interest rates. Lower interest rates reduce the cost of holding bonds, and thus persuade investors to accept higher price-earnings ratios on their stock portfolios. This has been the primary explanation of the remarkable rise in stock prices over the past two years.

In the last month, however, things have changed. The collapse of the dollar, while



Prices likely to firm

JUST OVER a year ago, West German stock markets were at their peak. But today, those who wondered how long it would take for prices to return to their record levels are still wondering.

In recent weeks the market has oscillated somewhere between a mood of pessimism induced by an irresponsibly strong D-mark and occasional outbreaks of optimism caused by favourable news of company news.

"It's a no-story market," reasons Michael Zapf, head of Bank für Liechtenstein (Frankfurt). "I don't think anybody is so frighteningly enthusiastic about Germany as to start on a buying spree, but I see some solidity in present prices. I don't see it collapsing, but I don't see it rising much either."

This would be the biggest profit since 1976. If such results were realised, then today's almost unprecedented p/e ratio of 20 would look like a more conservative 18 to 17 by this time next year.

There is just one problem. As everybody knows, share prices tend to increase ahead of underlying improvements in corporate profits. The current level of stock prices already discounts a potential 10 per cent profits from US industry. Even if there is a 20 per cent jump in profits there may have to be some further positive surprises in store, if the market is to sustain a price-earnings level of 18 or more in 1988 and beyond.

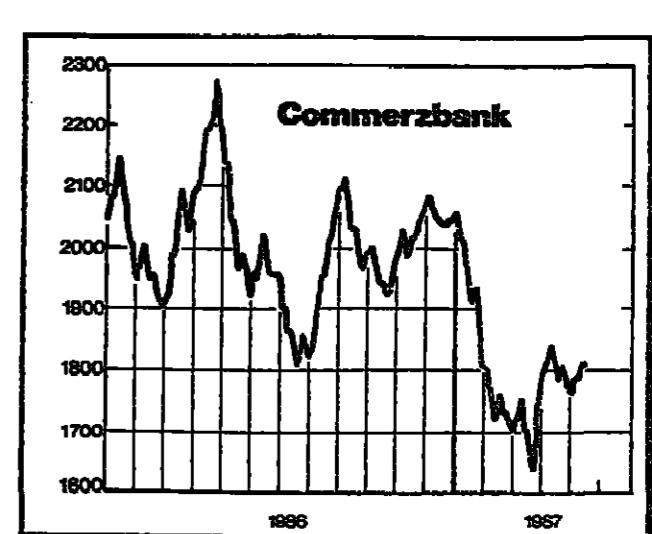
MONDAY 2286.22 + 5.82
TUESDAY 2338.07 + 51.85
WEDNESDAY 2342.19 + 4.12
THURSDAY 2334.56 - 7.53

Anatole Kaletsky

Clearly—for those who believe that prices will go on up—BP, with its large reserves in the North Sea, and Standard's in Alaska, must still be a good buy. Similarly, British Enterprise Oil and smaller UK independents like Clyde Petroleum are all strongly geared to a rise in the oil price. First quarter results due from Shell and BP this week will probably show a fairly large fall in replacement cost profits compared with a year ago, but this also underlines the fundamental importance of a high oil price even to the large integrated majors.

The big refining and marketing profits of last year were a temporary consequence of the fact that product prices had not caught up with the fall in crude prices. So, although the major oil companies managed to weather last year's storms with remarkably little damage to their profit line, it is not a trick they are likely to be able to repeat. For steady profits they need the success of Opec. Some at least think they will get it.

Max Wilkinson



but also with six other bourses

overly cheerful early in the year, turned in an improved first-half result for 1986-87. Hoechst, of the chemical giants, reported a higher first quarter result, but warned that 1987 would be tough.

Surprisingly resilient have been Volkswagen shares, which took some heavy hits in 1986 through losses in Brazil and Spain, and its sensational currency fraud. This week, the share has been above DM 360 after dropping to around DM 320 when the fraud was admitted by VW two months ago.

In the market overall, Michael Eisenblaeter, an executive with Commerzbank in Frankfurt, believes that enough is still happening to keep investors' imaginations stimulated. "I expect prices to firm soon, there won't be a boom, but if they go in any direction, it will be up."

On the positive side, the threat of strikes in the engineering and car industries has been removed by the latest hours-and-wages deal. This week's elections also confirmed the pro-business centre-right coalition in office. But the West German government has not yet kept its promise to drop the Stock Exchange turnover tax, which has caused much business to shift elsewhere.

If German money market rates drift down, as speculation suggests, share prices could receive a new impulse. Hendrik Daniels, a capital markets executive with Bayerische Verwaltung, is mildly hopeful about the outlook. Compared with other countries, the German fundamentals are not bad. Whether that is enough to unleash a new bull phase remains to be seen.

Andrew Fisher

Better bets missed

the FT All Share Index by 31 per cent over the last 12 months.

With hindsight, it is clear that few people inside the industry predicted that Opec (the Organisation of Petroleum Exporting Countries) would be

Resources

able to hold its production cartel together as tightly as it has done for the first four months of the year.

The latest figures from the Paris-based International Energy Agency last week showed that stocks were being depleted by nearly 3m barrels a day in March—which was equal to the whole of Saudi Arabia's crude production. Yet the oil price did remain flat.

Some very good bargains have been missed. Just as BP might have saved a billion or two on the offer for Standard, a smaller UK investor who put his shirt on a spread of oil companies a year ago would have been better off on capital gains of 75 per cent yesterday. According to Wood Mackenzie, that broker calculates that the oil sector has outperformed

daily, while oil shares rose, before launching its \$1bn for Delhi's oil assets in Australia? Why did Amoco hold back from making its offer for the troubled Dome Petroleum in Canada until a rising oil price made that company look financially sick rather than terminally ill? And what can a smaller investor learn from this global shelling of muscle by the second largest purchase ever made on the world stock markets?

The first thing the small investor can learn is to kick himself, although perhaps not quite as hard as some corporate treasurers must now be kicking their oil analysts.

Some very good bargains have been missed. Just as BP might have saved a billion or two on the offer for Standard, a smaller UK investor who put his shirt on a spread of oil companies a year ago would have been better off on capital gains of 75 per cent yesterday. According to Wood Mackenzie, that broker calculates that the oil sector has outperformed

NEW INTEREST RATE

Base Rate

Will be reduced by 0.5% to 9% per annum with effect from 11th May 1987.

Midland Bank
Midland Bank plc, 27 Poultry, London EC2P 2BX

Interest Rate Change

Allied Irish Banks plc announces that with effect from close of business on 11th May 1987, its Base Rate will be reduced from 9½% to 9% p.a.

Allied Irish Bank

Head Office - Britain: 64/66 Coleman Street, London EC2R 5AL. Tel: 01-588 0691 and branches throughout the country.

THE BANKER

1987 TOP 500

Publication Date: 1st July 1987

The eighteenth edition of the TOP 500 will be published in the JULY issue of THE BANKER. This credit analysis and ranking of the world's 500 largest commercial banks and corporate treasurers throughout the world to be the most authoritative comparative data published. Each year THE BANKER has added new data to the information base which, combined with the previous 17-year historic performance research, provides the universally-accepted material necessary for inter-bank comparison. It is used continuously by bankers and corporate treasurers in over 185 countries throughout the year.

The information contains

1. Size by assets
2. Total deposits
3. Capital and Reserves
4. Net interest income
5. Pre-tax earnings
6. Pre-tax earnings on assets (%)
7. Pre-tax earnings on capital (%)
8. Capital/Asset ratio
9. Net interest on assets (%)
10. Number of employees

For full details, contact:
The Marketing Director
THE BANKER

102-108 Clerkenwell Road, London EC1M 5SA Telex: 23700 FINRI G. Tel: 01-251 9321

THE FT Retailing CONFERENCE

16 & 17 June, 1987

The Financial Times is organising its second retailing conference in London on 16 & 17 June. The conference will look at the importance of marketing, manufacturing and distribution in a rapidly changing environment. New retailing techniques such as armchair shopping and out-of-town centres will also be examined and speakers from Europe and the US will assess the international scene. Speakers will include:

Mr Alastair Grant
Deputy Chairman & Chief Executive
Argos Group PLC

Mr Alan Ripley
Director, Retail Divisional Board
The Body Shop International PLC

Mr Malcolm Parkinson
Retail Executive
Woolworths plc

Mrs Anita Roddick
Managing Director
The Body Shop International PLC

Mr Guido Venturini
Director, Marketing and Communication
Benetton Group

Mr Karl Eller
Chairman of the Board
The Circle K Corporation

Mr Freddie Craig
Managing Director, Distribution
Chilean Salmon Food Services
Europe Limited

Mr Anthony J McCann
Managing Director, Mail Order Division
The Home Organisation PLC

Mr Myron Calef
Executive Vice President
Tropicana Corporation Ltd

Mrs Ann Burdus
Director, AGS Research PLC
Chairman, The Distributive Trades
Economic Development Committee

FINANCIAL TIMES CONFERENCES

Retailing

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Conferences Organisations
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London EC1R 5AU
Tel: 01-251 1335
Telex: 27247 FTCONF G.
Fax: 01-423 8814

Please send me further details

Name _____

Tell _____

Company _____

Address _____

County _____

Tel _____

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Standard Chartered

Base Rate

On and after 8th May, 1987 Standard Chartered Bank's Base Rate for lending is being decreased from 9.50% to 9.00%.

Deposit Rates are

7 days' notice 3.98% 3.00%

21 days' notice 4.98% 3.75%

Interest paid half-yearly

Standard Chartered Bank
Head Office 38 Bishopsgate, London EC2N 4DE
Tel: 01-260 7500 Telex 885951

Barclays Bank Base Rate.

Barclays Bank PLC and

Barclays Bank Trust

Company Limited

announce that with effect

from 11th May 1987

their Base Rate will be

decreased from

9½% to 9%

BARCLAYS

Reg. Office: 54 Lombard St., EC3P 3AH. Reg. No: 1026167 and 920880.

Coutts & Co

Coutts & Co. announce that their Base Rate is reduced from 9.50% to 9.00% per annum with effect from the 11th May, 1987 until further notice.

All facilities (including regulated consumer credit agreements) with a rate linked to Coutts Base Rate will be varied accordingly.

The Deposit Rates on monies subject to seven days' notice of withdrawal are as follows:

4.50% per annum Gross*

3.00% per annum Net (the Gross Equivalent of which is 4.11% per annum to a basic rate tax payer).

Rates are subject to variation and interest is paid half-yearly in

June and December.

*Not ordinarily available to individuals who are UK residents

440 Strand, London, WC2R 0QS

Bank of Scotland Base Rate

Bank of Scotland announces that, with effect

from 11th May 1987

its Base Rate will be

decreased from

9.50% per annum

to 9.00% per annum.

BANK OF SCOTLAND
A FRIEND FOR LIFE

Poor form, chaps



THE £1.36bn flotation of Rolls-Royce, the state-owned aero-engine maker, seems to have created almost as much acrimony as enthusiasm among small investors.

In the days leading up to Thursday morning's close, the Financial Times was inundated with complaints from people who felt they had been unfairly excluded from the offer by the shortage of application forms.

The problems began when the Rolls-Royce share information office received an unexpectedly large number of application forms after the price was announced on the Tuesday before the bank holiday weekend.

People who had registered with the share information office should have received their prospectuses by Friday of last week, the office had still not despatched them all by Saturday.

Because the following Monday was a bank holiday, many thousands of people had still not received their prospectuses before they left for work on Tuesday—the last recommended day for posting completed applications to the receiving week.

Meanwhile, those who were excluded from the offer can console themselves with the thought that they have probably not missed much. It has been so heavily oversubscribed that allocations are likely to be tiny, and few are forecasting an astronomical premium when dealings start on May 19.

One possible scenario is that small investors will be rationed to 200 shares and the premium will be 30p a share. Take off £20 in dealing costs and a chunk more for lost interest, and the £35 or so remaining is hardly worth the time or worry.

Richard Tomkins

Charges rise

PITY THE small share investor. First, stockbrokers raise their charges on no-frills dealing services. Now, inexorably, the banks are following suit.

Next Monday—just as investors start to contemplate potential Rolls-Royce gains—Midland Bank and Lloyds Bank are hiking their minimum commission charges, a move which tracks similar adjustments by both Barclays and NatWest last month.

Midland is simply raising the minimum from £15 to £20, putting it on a par with Barclays and NatWest. Lloyds is more complicated; the minimum goes up from £10 to £15 but the bank is retaining the additional charge of £1 for deals of £100 to £200; £2 for those between £200 and £300; £3 for £300 to £400; £4 for £400 to £500; and £5 on deals over £500.

The four banks have kept their commission scales unchanged, but the higher minimum levels mean that anyone who deals in a bundle of shares valued at under £1,300 will be hit.

Once over their minimums, Barclays and Midland charge 1.5 per cent on equity bargains up to £7,000. Lloyds does likewise but sets a maximum fee of £100, which means it becomes increasingly competitive for anyone whose deals top £6,700. NatWest moves on the lower scale of 1 per cent on between £5,000 and £12,500.

The rise in minimum commission rates by the banks mirrors the changes at stockbrokers themselves—most noticeably on their "no-frills" dealing services. Kleinwort Grieveson's "Sharecall" plus the "Gold Dealing" service offered by a smaller firm, Charles Stanley, were withdrawn altogether back in March, and there is barely a dealing-only service which has not seen some upwards rates adjustment.

Nikki Tait

Ethics pay

ETHICAL INVESTMENT does not mean low investment returns.

This is the message that has come through this week from two funds that select their investments to meet certain social criteria.

Ethical investment is strong in the US, but it still has to be accepted by the investing public in the UK.

The Ethical Investment Fund, launched 15 months ago—a unit-linked fund underwritten by Royal Heritage, has shown a return of 37.4 per cent after allowing for unrealised capital gains—11 per cent before this allowance. Over the same period the FT Actuaries rose by 52.8 per cent.

However, David Bromidge, investment manager for the pointed out that this was a mixed fund with some investment in gilts. The fund's equity content averaged 85-90 per cent, but performance was diluted by the gilt content.

However, the fund's size is only £1.4m emphasising that

the concept is not widely accepted.

A better picture is painted by the dozen of ethical funds—the Ethical Stewardship Fund by Friends' Provident. This unit trust has now reached £50m since its launch three years ago. This is not large by current unit trust standards, but net new money is now coming in at a rate in excess of £1m a month.

Its investment performance is extremely good. In the 12 months to April 20, 1987, it was rated 8th out of 90 UK general trusts with a growth of 24.6 per cent.

Investors who are concerned with the social implications of their investments and the source of their investment returns have to accept that such an investment philosophy will mean passing up on certain investment situations.

These funds will not be investing in Rolls-Royce, because that company supplies military as well as civil customers.

Eric Short

Janet Bush previews a sale with a difference next week

Careful judgment needed in Bank's auction of gilts

THE UK Government bond market is gearing up for the first of the Bank of England's experimental auctions of gilts on Wednesday next week—the first innovation since the abolition of fixed commissions on October 27 last year.

Since the Bank announced what it will be selling—£1m of eight per cent Treasury loan stock due to mature in 1992—the market has been dominated by highly technical discussion of the merits and demerits of the stock.

What does the recent shift in the yield curve say about the pricing of the stock? Why does there seem to be a focal point in this section of the curve? How does this relatively low coupon stock compare with higher coupon issues in the same maturity area?

The reason is that in an auction system, the 27 primary dealers—gilt-edged stock and large institutions bidding direct to the Bank of England will be allocated stock at the price they bid—the so-called "bid price" system.

Under the existing tap and tender system, those bidding

are awarded on "common price" basis. Within this system, the Bank brings together all the bids and works out one price at which bids are accepted, e no papem.

Under the old tender system, the minimum amount was only £100 and, in this

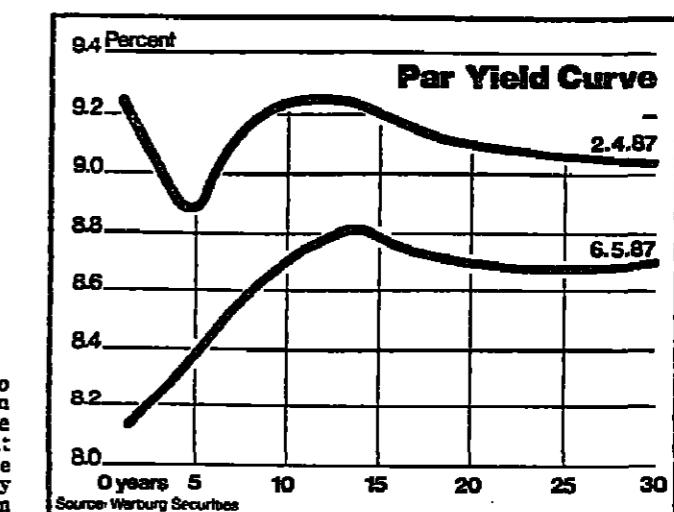
only decide how much of the stock he or she would like although the amount must be between a minimum of £1,000 nominal and a maximum of £100,000.

In an auction, you get what you ask for. Market makers and several large institutions with experienced analysts teams face the exacting task of judging their pricing cannily and precisely "if they do not, they could stand to lose great deal of money."

The use of the bid price will be a stiff test of the expertise in market making and pricing built up by firms and institutions since Big Bang and already developed in the US Treasury bond market which already has a fully-fledged auction system.

But the new auction system is not exclusively the preserve of primary dealers and powerful institutions, backed up by large research and analytical teams.

The Bank of England has made a provision for private investors to make non-competitive bids at the auction if they wish. The small investor need



Although private investors do not need to fix on a price when applying for stock, the bid price system means that the price at which private investors will be allotted stock depends very much on the professionalism and expertise of the primary dealers.

As one expert in gilts put it:

"Private investors are in effect signing a blank cheque. The size of that cheque will to a large extent depend on the expertise of market makers in pricing the price at the right level."

John Sheppard, chief gilt economist of Warburg Securities, says: "It is difficult to see private investors getting very excited about this issue. It is the wrong stock, the new system is complicated and hasn't been advertised very well. Private investors would be better served going for a stock with a lower coupon and apply through their stockbrokers in the normal way. They will probably get a better deal."

The experience of the present tender system suggests that few smaller investors put in bids at tender but are keen

respect, the auction system is less conducive to participation by private investors.

Non-competitive bids will be allotted in full at a price equal to the weighted average of the bids. Once these competitive bids have been accepted, rounded down to the nearest multiple of 5p.

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We don't claim to be perfect. We all make mistakes and for that reason we believe that the only accurate way of judging a tip sheet is by looking at how all of its recommendations perform over a fairly long and recent period. Recent form must rate highly. Any period has to be arbitrary, but the table below

How our selections have performed.			
List of ALL ICSL recommendations from July 1986 to December 1986			
Company name	Date	Value for investment	Year share value for investment
Abbey Life	27-7-86	28	1,220
EIS	16-7-86	28	1,280
Australian Con Mins	23-7-86	85†	1,330
Australian Con Mins	23-7-86	185†	2,330†
Australian Con Mins	23-7-86	176	810
Bordland	23-7-86	19	810
Enterprise Gold	23-7-86	110†	3,650†
Enterprise Gold	23-7-86	420*	
Metana	23-7-86	122†	
Metana	23-7-86	220†	
Metana	23-7-86	258	2,805†
North Kalgoorli	23-7-86	30	1,300
Blick	30-7-86	33	1,330
Brimrose	6-8-86	48	1,480
John Maunders	27-8-86	60	1,600
William Bedford	3-9-86	42	1,420
Henderson	10-9-86	13	1,130
Process Systems	17-9-86	65	1,650
Hall Engineering	1-10-86	46	1,460
Lambert Howarth	29-10-86	63	1,630
AMEC	5-11-86	27	1,270
William Sinclair	5-11-86	47	1,470
Alfred McAlpine	12-11-86	24	1,240
Automated Security	19-11-86	25	1,250
Brooke Tool	26-11-86	6	1,060
Reed International	3-12-86	44	1,440
Kwik Save	17-12-86	11	1,110
Average		55†	

*At the time of sale recommendation. †At the time of partial sale recommendation. Overall performance assumes one half of holding is retained after each partial sale. (List excludes new issue and up-date comments).

records all new recommendations made in the period from July to December 1986 (losses included). Judge us for yourself.

We feel the best way to judge overall performance is by comparing each recommendation with the performance of the stockmarket as a whole over the same period. Using the FT Actuaries All-Share index as the measuring rod, the overall market gain is only 22%. Our average gain on selections is 55%. These are the facts. Free from distortion.

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• FINANCE & THE FAMILY •

Trends are changing in the salerooms, as Antony Thorncroft discovers

Treasures tempt investors

THESE ARE heady days in the salerooms. Not a week goes by without a new auction record being established. They might not attract the same attention as the \$22.75m paid for Van Gogh's "Sunflowers" in March — a record price for any work of art at auction — but in the last two weeks there has been an auction record for a Stradivarius violin of \$440,000, at Christie's; for a book auction, when the botanical library of Robert de Belder made almost \$6m, at Sotheby's; \$28,500 for a Chinese snuff bottle; and more. Throw in the Duchess of Windsor's jewels, and their \$2m, and you get a market which is starting to interest investors more usually found dabbling in shares or property.

The latest Sotheby's art index, which monitors prices at auction in 10 major art markets, stood at 515 at the end of March, a significant improvement over the 432 a year previously—and the major sales are still to come. The biggest rises were in Impressionist and Modern paintings, and English furniture. But the best indication of the buoyancy of the market was the low proportion of works of art at auction which were left unsold—many more sales than usual were recorded "bought in" rates of 5 per cent or less.

The most obvious case of institutional buying was the Van Gogh: it went to Yasuda, a Japanese insurance company. The Japanese, with their strong currency, have been the main new force in the market at the big auctions in recent months. They have more than compensated for American caution prompted by the falling buying power of the dollar. Traditionally the new rich find other outlets rather than works of art for their sudden wealth but in time they often come to appreciate fine objects. Undoubtedly, the boom in the art market is fuelled by the profits being made through investment or business activity.

Yet while new buyers are tempted in some of the institutional investors of the past are



Andy Warhol's "Large Flowers," which fetched \$286,000—compared with the pre-sale estimate of \$100,000-\$150,000—at the Lambert collection auction in New York this week

selling off their treasures. The most notable example is the British Rail Pension Fund, which is disposing of a hundred Old Master prints in June. The fund switched around 2 per cent of its investment portfolio into works of art in the mid-1970s, when raging inflation made any alternative seem attractive. Now, reassured by the returns from traditional markets, it is testing the waters by disposing of its prints.

It expects to get at least \$1.5m, and has chosen a good time to cash in its investment. If the estimates are right it will not have made a killing—a Rembrandt, of St Jerome in the desert, which it bought for \$26,400 in 1976, now carries a top estimate of \$120,000. This is a modest return, given the fact that there have been no dividends—but if the art market continues to boom the actual sales price could be higher, and B.R.'s brave experiment will surely have been well judged.

The new regime running the pension fund is dubious about the art holding and, if it can do well from the prints, some of

the other 2,000 items held, including Old Master and Impressionist pictures, and Chinese ceramics, could soon appear back at Sotheby's, which originally advised on the investment.

In the US, corporate investment in the arts is much further advanced and the year has also seen some major sales, notably that by the Congoleum Corporation, the biggest supplier of warships to the US navy. This brought in \$1.8m in January with the disposal of a collection of furniture and pictures. The company had acquired them to improve the environment in its offices, but when it succumbed to a takeover bid the collection returned to the market—and made a profit.

This week, two corporate collections came under the hammer at Christie's in New York. Both were of modern and contemporary art but came from very different backgrounds. Howard Gilman of the Gilman Paper Company is a typical American collector, wanting the *avante garde* to decorate his New York offices,

and buying such names as Frank Stella and Ellsworth Kelly. Now the company has moved to the south and the collection of minimal and conceptual art has been sold. In the same auction a businessman with a much longer pedigree, Baron Lambert of the Banque Lambert of Brussels, which dates from the early 19th century, disposed of his modern art, including works by Bacon and Mark Rothko. This used to be one of the finest public collections in Belgium but now the bank is closed to casual visitors and the paintings sold. They have proved an excellent investment — 17 paintings brought the bank (\$2.7m).

The fact that some corporate investors are taking advantage of the current high prices by selling should give prospective new buyers pause for thought.

In theory, if the stock exchanges boil over alternative investments, like works of art, should be at the top price level. Also, art at the top price level is a very safe investment, though Christie's was amazed to see a dozen prospective bidders up to the \$10m mark when it sold the Sunflowers. All in all, works of art should still be collected for love or only on the advice of acknowledged experts.

Scots eye the East

THE LIFE Association of Scotland, a member of the Dutch insurance group, Nationale Nederlanden, has completed the first phase of its development of its unit trust operations with the launch of two more funds from the East and from the West.

The LAS Far East Trust aims to invest in Japan (up to 40 per cent) and will also be used for entry into the emerging Pacific economies now being discovered by unit trust managers.

Since the group already has a Japanese fund, this new trust is for those investors who want to cover the whole of the Far East within one fund.

The other fund is a straightforward Extra Income Trust investing in UK equities to provide a yield substantially higher than the yield on the All-Share Index.

These funds may be considered old fashioned alongside the emerging Asian markets, but they have had a highly consistent growth record for both capital and income over many years.

LAS is also expanding its unit-linked life operations with the launch of a unit-linked endowment mortgage plan—Homeplan Plus.

This follows the usual format for such plans, which are now being accepted by a growing number of building societies to repay mortgages.

London Life Association has launched its version of the current inheritance tax schemes under the rather unimaginative



name of Inheritance Preservation Plan.

This plan operates on the format of the investors making a loan to the trustees, who invest in unit-linked investment bonds with London Life.

The loan is repayable on demand, thus avoiding liability to inheritance tax. The investor can get a regular income from the loan under the withdrawal facilities.

Such a plan may well appeal to an investor's professional adviser, since London Life is one of the very companies which does not pay commission to intermediaries. There are no

complications over rebates of commission and the fees charged by the adviser.

The Criterion Assurance Group has launched a new personal pension plan aimed primarily at the self-employed—one of the first contracts to be launched since the Chancellor, Nigel Lawson, announced his pension reforms in this year's Budget.

However, the literature describes the benefits omits to mention one of the Budget reforms—the fact that all new contracts will have a limit of £150,000 on the ultimate tax-free cash sum.

The company claims that such warnings are being given to individuals on illustrations of benefits. Nevertheless, when the new financial services rules come into effect it is unlikely that a life company would be able to present such literature containing wrong information.

The literature was apparently printed just before the Budget, but that should not be an excuse for giving wrong information, even if it is not likely to affect the vast majority of investors.

The other major change cutting back on the amount of cash will apply from next year. So investors taking out personal pension contracts should expect regular premium contracts rather than single premiums to get the full benefit of the current favourable rules.

Eric Short

East's defence was infantile. After taking his ace of spades, he should have seen that a heart return would endplay his partner.

Unless West has at least the king of clubs, the situation is hopeless. He should have beaten the contract by leading back a club.

Now let us examine the declarer's play—I think we can do better. We note East's seven of hearts—it looks like the highest but one of four—so instead of ducking we take with the king, play king and queen of diamonds, then lead a spade to the king, which East takes. If East leads a club, we can afford the finesse and the tempo gained by not playing a third round of diamonds has rendered the club return ineffectual: if he leads a heart, we win cash our spade winners and throw West in with another heart.

We turn to Insurance Policy.

West's bidding was bad. If he had followed my practice in such competitive situations by bidding one more as a cheap insurance, he would have had six spades, which goes two down against the best defence. North should lead the queen of hearts, on which I drop the two, and the club switch, which my signals demands, lets me make a ruff.

E. P. C. Cotter



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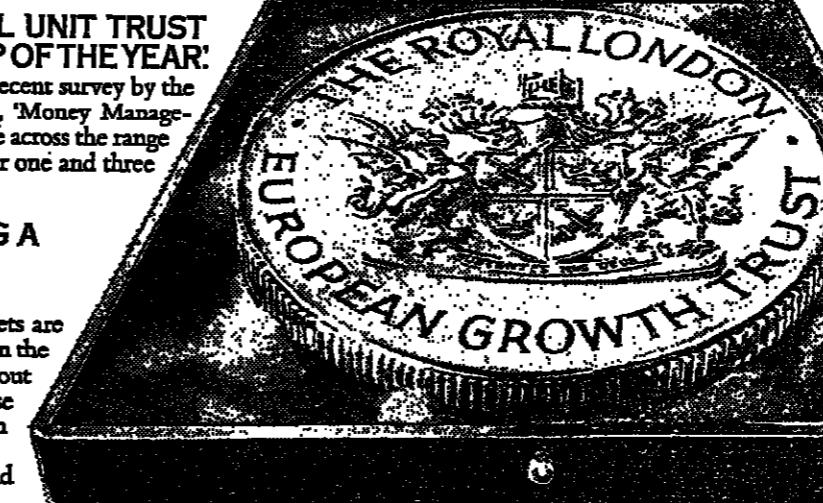
The Royal London Group already manages many £ millions in various European markets, both for our unit trusts and for the life assurance funds of our parent company, The Royal London Mutual Insurance Society Limited, whose assets

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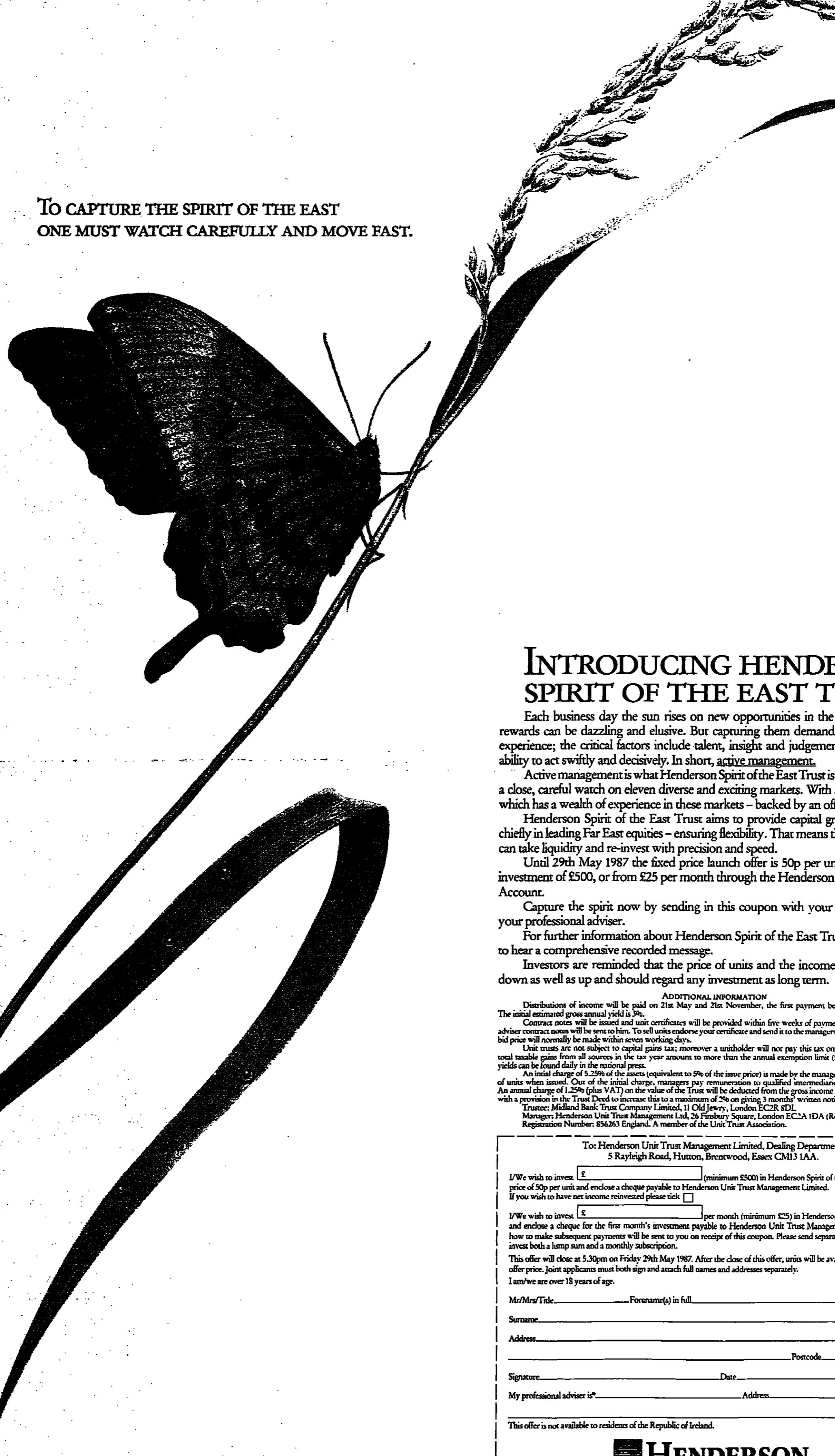
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Contract notes will be issued and unit certificates will be provided within five weeks of payment. *If you use a professional adviser contract notes will be sent to him. To sell units endorse your certificate and send it to the managers; payment based on the ruling bid price will normally be made within seven working days.

Unit trusts are not subject to capital gains tax; moreover a unit holder will not pay this tax on a disposal of units unless his total taxable gains from all sources in the tax year amount to more than the annual exemption limit (£2,600 - 1987/88). Prices and yields can be found daily in the national press.

An initial charge of 5.25% of the assets (equivalent to 5% of the issue price) is made by the managers and is included in the price of units when issued. Out of the initial charge, managers pay remuneration to qualified intermediaries, rates available on request. An annual charge of 1.25% (plus VAT) on the value of the Trust will be deducted from the gross income to cover administration costs, with a provision in the Trust Deed to increase this to a maximum of 2% on giving 3 months' written notice to the unit holders.

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• PROPERTY •

John Brennan takes a more cheerful "new" market view

More homes completed

BARRATTS, Wimpey, Tarmac, Brosley and Crest, Ideal, Beazer, Bovis, Lovell, Church and Berkeley, Prowling, Costain, Bovis, Bellway, Bradley... the full list runs well into five figures, so suffice to say that there are a lot of housebuilders in business that managed to complete more new houses in 1986 than any year since 1973. Some 172,000 new houses were started in 1986, and new home buyers can expect to pay about £775m to move into them.

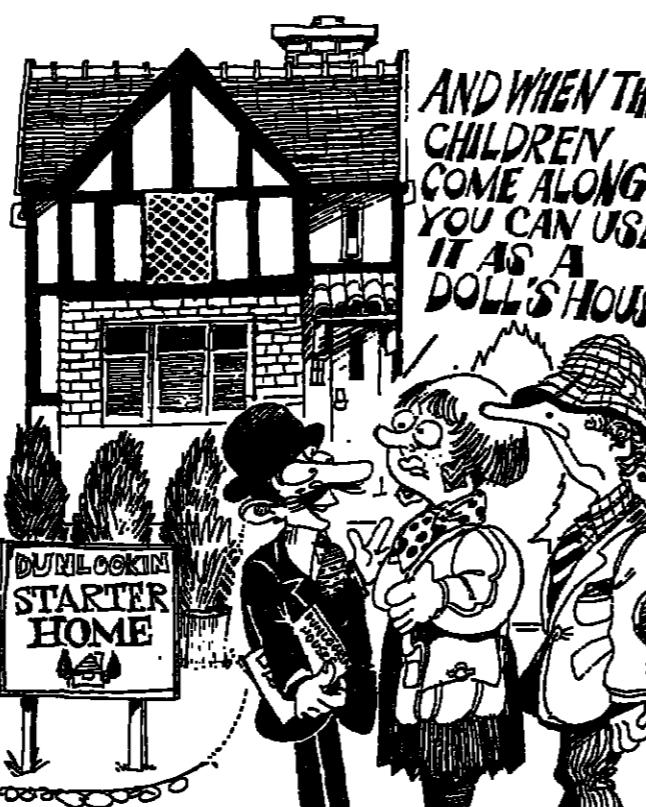
Put that way, the new homes market sounds a lot cheerier than if you concentrate on the usual diet of complaint about the cost of building land, and the impossibility of making a profit in a market where prices of new-built homes have to be kept in line with the price of alternative second-hand properties.

The site cost problem is certainly true, and national house-builders have been running down landbanks rather than load their balance sheets with a forward stock of green-field sites. Consortium deals on the few big sites that squeeze past the planners help to contain costs. Otherwise there are the land hunters who hover around the gates of rural hospitals awaiting the next Health Authority spending cuts, and eagle-eyed developers able to see the scope for half a dozen mini-Tudors in place of a disused filling station, old church, or extensive back garden. These combine to keep up the supply of raw material of housing sites.

Over 60 per cent of housebuilding land these days comes from clearing and building-over inner city or former industrial land, and so it is increasingly rare to find the vast crops of identical estate houses that came to be seen as the standard new home of the 1960s. And that, for both builder and buyer, is the really good news.

Roughly half of the new housing each year comes into the starter home category where cost is the main consideration, and where savings are centred

on the size of the accommodation. It is here that you still find plain white-painted walls—help to make small rooms look as though they might leave room to swing at least a kitten—



and where the sales descriptions concentrate on the ease of getting a mortgage rather than on anything as dull as square footage.

As for the rest of the builders' output, quality is increasingly taking over from quantity. The self-builders' approach is reflected in the latest housing statistics from the Building Societies Association.

The BSA shows that new house prices have been rising faster than the national average for the past two years. On a nationwide view, the average price of a new house in 1986 was £43,647, a 17 per cent increase over the 1985 figure. The average for all houses in 1986 was £38,121, a 14.9 per cent increase over the 12 months.

When you allow for the high proportion of cost-conscious starter homes in the new housing figures, it becomes clear that the used property market is beginning to lose its grip on the pricing of middle and upper market new homes.

After years trying to sell the idea that a newly-built property with a 10-year National House-building Council guarantee, and all the advances in standards of design, building materials and construction techniques of recent years is a qualitatively better bet than a similar sized older home, the industry's message is beginning to get through to buyers. It is still not possible for a builder to compete on product alone in an area where there are older properties of a similar size for sale, but, as the BSA figures show, the premium that people are willing to pay for newness is steadily increasing.

Builders invariably say that most of their sales are achieved before a prospective buyer goes through the front door. If the house or flat doesn't look right from the outside, the interior four becomes a cursory formality. But if the facade appeals, the inside has to be pretty terrible to dissuade the buyers. The sales talk about energy saving designs, well planned inside lay-outs, and a good standard of fittings come a poor second to the front elevation and the landscaping.

All the national house-builders in search of the saleable look—now have extensive local, regional, or nationwide ranges

of property types that they like to mix together in smaller villages. There may be off-the-peg designs with only mild adaptations for the local market, but the effect of mixing different sizes and styles of houses and flats in smaller sites is to recreate the natural mix of actual villages. And since cottage-style homes, complete with lattice windows and small porches for the mandatory roses-around-the-door, are the high fashion style of the mid-1980s, that's what the housebuilders are turning out.

Anyone who did stop to look at the new house-building standards would find, as the British Gas research and development division did, that since the introduction of more stringent thermal requirements in the 1975 building regulations, "houses are now being built which, for the same floor area, have a heat demand 50 per cent less than those of only 10 years ago."

It is impressive. But the fact is that the British Gas Research and Development Council has made the point that builders are committed to quality building but "the housebuilder must continue to offer a product that the purchaser can afford."

If buyers become increasingly willing to pay a greater premium for new homes, as they have over the past few years, then there is some hope that the quality will be more than facade deep.

Prices measured from London

TRYING TO establish average price movements for country houses is a far more daunting task than tracking the value of less individualistic homes. As Bill Yates, head of the residential division at Knight Frank & Rutley, puts it in his foreword to *Buying a Country House*, "the price of a six-bedroom Queen Anne house will differ greatly from that of an Edwardian house of the same size in a similar location. No two are the same."

KF&R researchers didn't give up though, and the results of their work make the new book, published by IPC magazine under the "Country Life" banner, a buyer's or buyer's delight. The agents have calculated county or regional value indices for country houses in 37 areas of England and Scotland. There are thumb-nail sketches of each area covering the basic geography, a little of the area's history.

its principal market towns, the main leisure facilities (with a distinctive bias towards appropriate country pursuits, from hunting, shooting and fishing to golf) as well as a little back on the local historic houses and gardens. The book also provides an excellent communications summary for each section. Excellent, that is, if your view of the world is from London.

Train, road and air links are covered, with information about the timing of the first commuter services of the day. It is a reflection of the main buying interest that *Buy a Country House* is aimed at the general public.

away from the capital, the road network has significantly extended the reach of the London-based buyers and has helped to raise prices as far north as Yorkshire, where there is already a strong local market for good period houses.

KF&R confirm that it is distance from London, or rather the actual travelling time from Lon-

don, that really determines country house prices. The problems of dealing with averages in this market show through in the agent's attempts to indicate specific percentage increases across various properties. But if the percentages look rather blurry around the edges, the general pattern emerges clearly enough showing, as one would expect, that over the past five years country house prices have more than doubled in the traditional commuter counties around London and west into Wiltshire, Avon, and Gloucestershire.

Away from the capital, the road network has significantly extended the reach of the London-based buyers and has helped to raise prices as far north as Yorkshire, where there is already a strong local market for good period houses. Birmingham buyers have an influence on their surrounding counties, while good road and rail

links to Glasgow and Edinburgh—and the regular air services to London—have helped Scottish sporting estates to show a sustainable rise in values since 1981. Otherwise, prices have run more or less in line with those of more mundane properties in each area.

Looking ahead, KF&R expects to see houses around London keep their price premium, but equal growth could also come where road communications with the capital are improved next. So attention may be directed to Somerset and Dorset, with the extension of the A303 dual carriage ways, to Warwickshire with the A12 improvements and south-east Kent with the M20.

• *Buying a Country House*, A Regional Guide to Value, is published by Country Life with KF&R, price £2.95.

18

Green wellies go flat rate

John Brennan reports on a new appraisal service for farmers on the smaller scale

BECAUSE FARMERS like a bargain, Richard Bailey is likely to be clocking up a great deal more than last year's 28,000 miles. Since his Cheltenham agency was acquired by Hampton & Sons, Bailey, a former agent to the National Trust, has been building up the group's agricultural and estate business. That moves a stage further with the launch of Hampton's Agricultural and Land Resources Department.

At this point landowners might well be tempted by the thought, "In which one-size-fits-all Britain is currently thick with green-booted agents advising farmers and estate owners on ways in which they can turn surplus grain fields into leisure parks and silage clampes into bijou country cottages. But Bailey has come up with a new angle that reflects the distinctiveness between new and old does focus back on to quality."

Basil Bear at the National House-Building Council has made the point that builders are committed to quality building but "the housebuilder must continue to offer a product that the purchaser can afford."

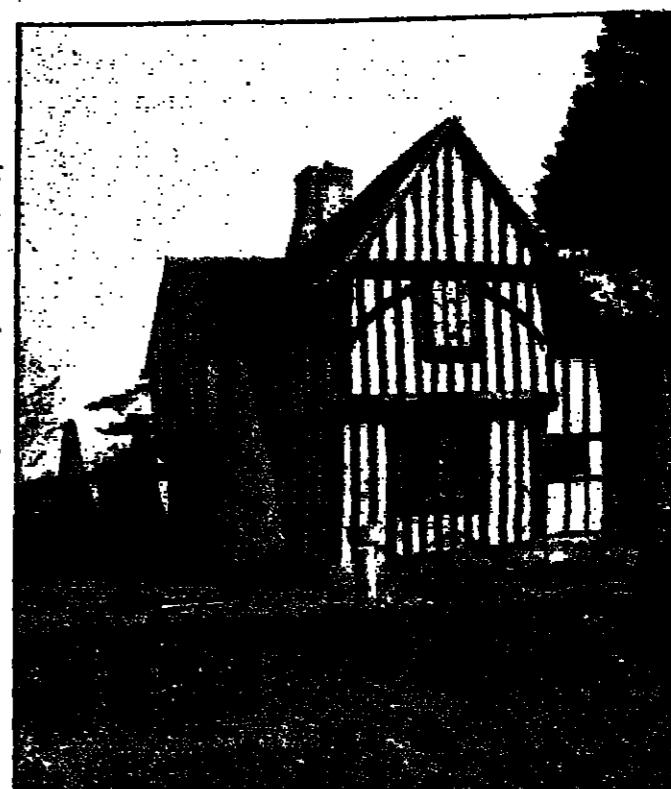
If buyers become increasingly willing to pay a greater premium for new homes, as they have over the past few years, then there is some hope that the quality will be more than facade deep.

appraisal within 50 miles of Chelmsford or London, £300 in a 100-mile radius, and £350 within 150 miles. Beyond that costs are negotiable, but, as Bailey says, "this is just to cover the expenses, we don't expect to make money on the appraisal."

Hampton now owns part of John Gun's financial empire, which has not been overtaken by a fit of philanthropy. The aim, naturally enough, is to be able to expand its land operations and act for some of the owners if appraisals suggest that there is scope to capitalise on under-used resources.

Bailey doubts if there is that much scope left to add value to properties in the South-East, but he feels that there is still a great deal that farmers can do in the Midlands, the South-West and deep South of England, as well as the Scottish Borders and Wales.

The big estates already have their established land agents, but smaller farmers tend to put off the idea of developing not realising the income of the property that would be generated. It is not, of course, for those who prefer Hampton's down-to-earth, flat-rate fee idea. Richard Bailey's Agricultural and Land Resources Department is at Cheltenham, on 0242-514849, or London 01-493 8222.



SUFFOLK country house prices continue to lag well behind those to the west of London, and despite the fact that the restored four-bedroomed house in half an acre of garden down to £150,000, Jeremy Carlson of Savills in Norwich (0602-612221) is handling the sale.

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BOOKS

Anthony Curtis on a new view of English writing

Beowulf to Pinter

THE OXFORD ILLUSTRATED HISTORY OF ENGLISH LITERATURE edited by Pat Rogers. Oxford. £17.50. 528 pages

THERE ARE two ways you can read *The Oxford Illustrated History of English Literature*. The first is to look at the numerous illustrations one by one and read the captions to them. That way you get a selective history of English culture as it might have been compiled by one of the up-market colour supplements. The second way is to read the text straight through. That way you get a fair indication of how English is being taught nowadays, since all the contributors have appointments in the English faculties of British universities, Oxford, Bristol, London, with the exception of the author of the article on the 17th century, who is now professor of Renaissance Literature in Zurich; and Pat Rogers, the editor of the whole volume, who is now at the University of South Florida, but was at Bristol.

You take away an impression of dons conscientiously trying to cover an enormous mass of material in an absurdly small number of words, wracking their brains to find bridging observations that will enable them to move from one group of authors to the next. It is a thankless task, the result usually respectable if nearly always uninspired. We start way back in the mists of time around the year 800 AD, with poetry in the Anglo-Saxon tongue (translations into modern English of all the quotations, luckily); after that it seems a long time before we reach Chaucer, and go from there to familiar ground with the early Elizabethans and Shakespeare who has a chapter to himself.



A portable bookstall around 1700: one of the plates in the new Oxford history

Still, there were bound to be some noses put out of joint when we reached the 20th century. Where the whole operation continually breaks down is in its primary purpose of illustration. All too often the pictures fail to marry with the text. Frequently they refer to a topic that is coming later or to one that never comes at all. For instance, during Vickers' apposite of the 18th century poets, Thomson, Collins and Gray, we are shown a picture of man-made landscape and we are told: "GARDENING. One of a series of views which Balthazar Nébó painted for the Lee family of their seat at Hartwell, Bucks, about 1738. The gardening style is old-fashioned, with vistas radiating in French pâte d'oe style and vegetation formally clipped to

emulate masonry." Now the correlation between the 18th-century landscape poets and gardeners is an interesting subject but one that unhappily is nowhere discussed by Vickers, who does, however, mention gardens in the 17th century, apropos of Marvell. Nor do Bathazar Nébó and the Lee family make any other appearance in the book.

It is in the 17th century with the use by poets and prose-writers of emblems (what we might call "logos") that text and illustrations do for a consecutive period move into "sync" with each other. We are shown a fascinating emblematic title-page to an early edition of Hobbes's

Leviathan, a work which Grundy aptly mentions as relevant to the power-struggles dramatised in Restoration comedy.

I can think of two kinds of reader who might like to be given this book as a birthday present. One is broker or portfolio manager who came into his present position in the City via a degree in English and who will be nostalgicly reminded by its contents of his or her carefree, puerous days; the other is a sixth-former who is proposing to risk his or her all on trying to get a place somewhere to do English. It may serve to immunise the latter against this desire.

Fiction

Old lady's end

MOON TIGER by Penelope Lively. André Deutsch. £9.95. 208 pages

THE WRENCH by Primo Levi. Translated from the Italian by William Weaver. Michael Joseph. £9.95. 171 pages

THE OLDEST CONFESSION by Richard Condon. Michael Joseph. £10.95. 344 pages

SUFFER LITTLE CHILDREN by Dominie Taylor. Hamish Hamilton. £9.95. 287 pages

FIRE CHILD by Sally Emerson. Michael Joseph. £9.95. 185 pages

MOON TIGER is a novel of voices. An old lady, a popular historian, is dying in a hospital. She tells her nurse she is "writing a history of the world." The nurse humour her.

But this is her final monologue: on history, on the love affair she had in Cairo during the war, with an officer who was killed, and by whom she became pregnant but miscarried. Her voice is interspersed with that of her cool daughter, her brother, and with

others. Finally with that of her lover as she reads the diary he left behind her. She dies.

This is an always readable series of reflections on the life in which private life depends upon its "public" background. I think that the novel would have held together better if the author had left each voice to tell its story without any help from other narrative details, which obtrude here. As it is, Moon Tiger reads more discursively than imaginatively.

The fiction looks put in to embellish the ideas, whereas the ideas ought to grow out of the fiction. But it is, as always with anything from Penelope Lively, interesting and stimulating.

In The Wrench Primo Levi,

who has very recently died, turned from the terrible subject matter of fascism which he had so helped to illuminate. This book consists of tales told to the narrator by Faussone, a wandering rigger. Levi here divides himself into two: the intellectual writer at home, and the wandering storyteller and worker he sometimes felt he ought to have been. But the book is not merely a collection of tales. It hangs together, unified by the thread of humanity informing all of it. Published in 1978, it lacks the

rather effective and chilling story of an unhappy school-mistress ("The Moaner") who has some understanding of her defects. Ramona Charnley believes that at last, in her nasty school, she has found a pupil whom she can help. But her voyage into self-discovery produced some strange results. Suffer Little Children explores

Martin Seymour-Smith



Penelope Lively: public and private lives

When futurology meets nightmare

EINSTEIN'S MONSTERS by Martin Amis. Jonathan Cape £5.95. 127 pages

FIVE STORIES and an introduction by the author make up Einstein's Monsters. Peter Brueghel the Elder's Tower of Babel on the jacket shows the sinister high-tech of its day: since nuclear high tech is unimaginable, and certainly unpredictable, this is a good image, forceful and fair. Disliking most futurology and sci-fi, I approached the book gingerly, to be instantly shocked into admiration by its consistency and boldness, the scale and scope of its language, its metaphorical complexities. Like all Martin Amis's writing, it dazzles; but the dazzling has a dark quality, lurid as lightning, with reality seen in flashes, horror and fear made palpable.

Three of the stories are set in a future of mutants, radiation sickness, dying and dead nature; two in a more recognisable present of less exotic suffering-schizophrenia, murder, the violation of children and the old. All are suffused with what Amis in his introduction describes as the effect of nuclear weapons, their unthinkable power: the hell of living

with the knowledge of them, of suffering, in imagination, of the unimaginable. Thus we live through what may in fact never happen. Knowing it, feeling it, belonging in it, we suffer most for those we love, and earlier soul-sickness, even if we failed to recognise them as such, were all a part of it.

The huge slavering five-legged dog with every imaginable contagious disease, which feeds human flesh to keep going, the immortal who has lived through sevens (or is he just a schoolmaster with an overheated imagination?); in a world of A, B and C people (protecting A against the manic envy of C); the muscular man in North Hill, a role who can lift skips and trucks, not to mention people, as if they were deckchairs; the 12-year-old diarist who projects his neurones on to the new baby; all carry the wounds of this nuclear knowledge, a projected stigma or tattoo. Daily life is steeped not in sunlight but in a glaze of burning.

There is only one defence against nuclear attack, Amis writes, "and that is a cyanide pill."

Isabel Quigley

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William Weaver

If Ed McBain was not the inventor of the police procedural novel, he remains its most skilled and most consistent practitioner. Nothing much changes in the 87th Precinct, but within its confines, McBain manages to invent a convincing world of good and evil, routine and surprise.

For most of this new 87th chronicle, the author is at his best, at his deepest, most original. Then, at certain points, his female protagonist gets out of hand; and her entire past has to be narrated. It is not uninteresting, but its length throws the pace of the book out of kilter. The story ends with an unsatisfactory question-mark. We must hope that the answer is on its way, in the next McBain, all the more eagerly awaited.

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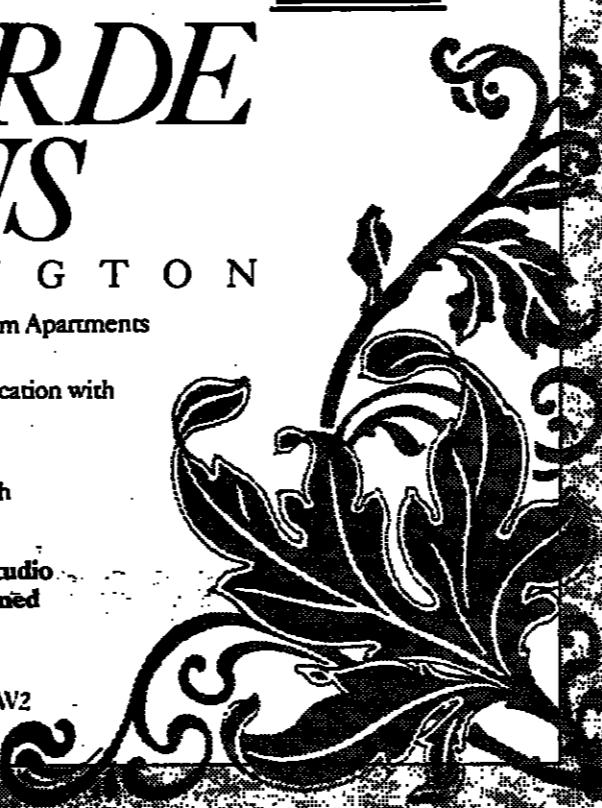
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Barcelona, chic and raffish, is to host the 1992 summer Olympics. David White reports

High and low in Catalonia

BARCELONA has probably never looked as good as it does now. By the time the 1992 Olympics come around it should look even better, but then it may be quite a different place.

Not just the old Gothic core, but also the buildings of the rectilinear, pioneering city behind it have been getting restored, first the facades, now the interior courtyards. Lampoons and decked "Barcelona, Foss' Guips" ("Make Yourself Beautiful") posters. Barcelona is making a new image for itself. It always did have its sophisticated bourgeoisie side, of course, but its renown was more as the seedy, raunchy Mediterranean port, cousin of Marseilles and Naples, one-time cradle of anarchism.

Along with the cosmetic improvements, a new seafront avenue is starting to reveal the face Barcelona will be showing in five years' time. This is a city which has levered itself up

on big events. Its Universal Exhibitions of 1888 and 1929 account for most of its town planning: its metro, its parks, and its avenues with the stark geometrical names of Diagonal, Meridiana and Paralelo. It is now not only getting more parks and squares, but a beachfront like Nice. Considering how the old Barcelona ignores its maritime aspect, the project seems like an optical illusion.

There is already something of a Barcelona look, not created by the Olympic decision, but confirmed by it. Its rediscovered avant-garde reputation is curious, since it comes precisely when Barcelona has ceased to hold absolute sway over Madrid in terms of culture. Some complain that in the wake of regional devolution it has even become rather provincial. But perhaps there is no contradiction: Barcelona has always thrived on feeling a bit decadent.

WEEKEND FT BREAKS

The "new" Barcelona can be savoured in the shopping arcades of the elegant Passeig de Gracia, flanked by banks and famous houses, or by walking down, at one of the proliferating bars where the fair for design is on continuous display. Currently in favour are The Snooker on Roger de Lluria (1930's inspired decor and yes, smoker tables, under a giant angled mirror), the Universal, the Particular and the famous KGB. Late-night

or rather early morning specialists include the Otto Zulu and former gay bar Distrito Distinto. The black colony can be found at the Ebano.

But for the distinctive Barcelona mix of the earthy and the intellectual you still have to begin at the Ramblas. These are one tree-lined street bearing several names, going back from the statue of Columbus and the old harbour buildings, redolent of Cuban and South American empire.

You cannot sit out at the cafes until spring (although you still can in the Placa de Catalunya), but wandering along the central Passeig part the day-and-night book stalls, the flower-stands and the caged birds, you can survey the progression from bottom upwards. In the lower Ramblas you may spy the sex-shop which is next to a velvet bar and underneath a medical clinic. Further up is the splendid Boqueria food market, worth visiting just for the hairstyles of the matrons who tend the stalls. But the Ramblas are also the Liceo, Spain's premier opera house, and the Poliorama, home of Josep Maria Flotats' distinguished theatre company. Opposite is the Hotel Continental, or "Homage to Catalonia" fame. Rooms start on the third floor; Orwell went one better by spending a night on the roof.

At night the Ramblas are a congregation point for all known varieties of the human species, and some besides. Be Rambla-wise—any appearances may be switched.

A stroll off to the right takes you to the Gothic quarter, which as well as the cathedral contains a unique ensemble of civilian Gothic architecture. Through the alleys to the right of the cathedral entrance, the pentagon-shaped Placa de Sant Felip Neri has the shaded air of a corner so quiet that it has been forgotten. The Generalitat, seat of the Catalan government, is well worth a Sunday-morning visit. Across the Placa de Sant Jaume, the city hall hides its attractions behind a 19th-century neo-classical front.

Next to this is another old district, the Ribera, favoured by artists and home of the Picasso museum: not the definitive collection of the new Picasso museum in Paris, but full of clues to the artist's formative years and housed in an enchanting building.

If, on the other hand, you go

straight up the Ramblas, past the square, you will find another Barcelona. To the right of the Rambla de Catalunya is the heart of the Eixample, the city extension that gave vent to its turn-of-the-century architects and especially to Antoni Gaudi, a fanciful genius who was run over by a tram 60 years ago. One block of Passeig de Gracia, numbers 37 to 43, provides an assorted sample of "modernist"—their version of art nouveau—houses. Across the road at number 82 is the famous undulating Gaudi building known as the "Pedrera" or "quarry". At Arago 256, another modernist edifice is being converted into a foundation for Antoni Tapies, doyen of Catalonia's living abstract painters.

If you enjoy Gaudi, you will want to visit his folly, the Sagrada Familia, which he took over in 1891 and which is still unfinished: the main nave may be completed by 1992. (If you don't, better not say so in public.)

The hill of Montjuic, where the main Olympic installations will be, is worth the effort.

Of the various contraptions for getting up, the easiest is to take a taxi. The Museu de Arte de Catalunya has two unmissable collections, one of Romanesque frescoes and polychrome figures, the other of 14th and 15th century altarpieces, plus a good view of the city in its shallow bowl. Go there first since it closes at 2pm and walk over to the Fundacio Miró (ironically works by the late Joan Miró, that most playful of modern painters), which does not open before 11 am.

Other things you can do well besides edifying yourself are eating (the finesse of the Catalans goes through into their cooking) and playing, and that does not only mean amusement parks, although there are two of those. For adult games, Barcelona still lives up to its reputation as the "city of pleasure".

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Through the alleys to the right of the cathedral entrance, the pentagon-shaped Placa de Sant Felip Neri has the shaded air of a corner so quiet that it has been forgotten. The Generalitat, seat of the Catalan government, is well worth a Sunday-morning visit. Across the Placa de Sant Jaume, the city hall hides its attractions behind a 19th-century neo-classical front.

Next to this is another old

district, the Ribera, favoured

by artists and home of the

Picasso museum: not the definitive collection of the new

Picasso museum in Paris, but

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If, on the other hand, you go

straight up the Ramblas, past the square, you will find another Barcelona. To the right of the Rambla de Catalunya is the heart of the Eixample, the city extension that gave vent to its turn-of-the-century architects and especially to Antoni Gaudi, a fanciful genius who was run over by a tram 60 years ago.

One block of Passeig de Gracia, numbers 37 to 43, provides an assorted sample of "modernist"—their version of art nouveau—houses. Across the road at number 82 is the famous undulating Gaudi building known as the "Pedrera" or "quarry".

At Arago 256, another modernist edifice is being converted into a foundation for Antoni Tapies, doyen of Catalonia's living abstract painters.

If you enjoy Gaudi, you will want to visit his folly, the Sagrada Familia, which he took over in 1891 and which is still unfinished: the main nave may be completed by 1992. (If you don't, better not say so in public.)

The hill of Montjuic, where the main Olympic installations will be, is worth the effort.

Of the various contraptions for getting up, the easiest is to take a taxi. The Museu de Arte de Catalunya has two unmissable collections, one of Romanesque frescoes and polychrome figures, the other of 14th and 15th century altarpieces, plus a good view of the city in its shallow bowl. Go there first since it closes at 2pm and walk over to the Fundacio Miró (ironically works by the late Joan Miró, that most playful of modern painters), which does not open before 11 am.

Other things you can do well besides edifying yourself are eating (the finesse of the Catalans goes through into their cooking) and playing, and that does not only mean amusement parks, although there are two of those. For adult games, Barcelona still lives up to its reputation as the "city of pleasure".

At night the Ramblas are a congregation point for all known varieties of the human species, and some besides. Be Rambla-wise—any appearances may be switched.

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DIVERSIONS

Great Collectors (2): Antony Thorncroft profiles Malcolm Forbes, whose interests range from Fabergé eggs to toy soldiers

A family affair

"THE ONLY time my father said 'Buy it at any cost' was last December when the bottle of 18th century Chianti, Lafe, with Thomas Jefferson's initials on it, came up for sale at Christie's. I ended up paying \$105,000. He went through the roof."

"On the other hand when I was the under-bidder on Mussolini's Declaration of War, which was ten times its forecast at \$100,000, he was just as cross that I did not get it." The speaker is Kip Forbes, talking about Malcolm Forbes, owner of Forbes Magazine and one of the world's great collectors of art.

Malcolm Forbes has passed on his enthusiasm to his four sons, who have the task of adding to the Forbes collection, which is legally owned by the magazine to ensure its future when Malcolm, now 67, departs. In addition, they all have their own modest collecting passions, trimmed to their personal finances: Kip's is memorabilia of Napoleon III, much less pricey than any paraphernalia linked to the first Napoleon.

The Forbes collection is idiosyncratic, not to say quirky. At an early stage Malcolm Forbes decided he would not buy Old Masters, too few of the really good ones came on to the market to be able to build up an important collection. Instead he has concentrated on "popular," almost dashy, antiques. By far the biggest investment has been in works by the Russian jeweller Fabergé. Today Forbes owns 12 of the 53 Imperial Easter Eggs, given by the last Czars to their family. The Kremlin owns 10, in all Forbes has over 300 Fabergé pieces, a total only beaten by the Queen.

Fabergé may be too ornate for some aesthetic tastes but no one can dispute his skill and imagination as a craftsman and designer. But what of the other elements of the Forbes collection—the unrivalled group of around 100,000 toy soldiers kept in a museum in Tangiers, where the family has a home; the model boats; the balloons? Patriotism perhaps determines the other important buying passion—documents relating to the American past, but Kip shows signs of his father's taste for the flamboyant with his



Malcolm Forbes
special responsibility, Victorian pictures.

These are kept in London, in Battersea Old House, a 17th century mansion attributed to Wren which is squeezed in between a council estate and the Thames. Forbes was given a 99 year lease on the house on the understanding that he shored up its rotting fabric. Today it presents a shining smart face (although there are ungenerated parts). More than that, it shows off the finest collection of Victorian paintings outside a few museums.

Malcolm Forbes tolerates rather than enthuses over the Victorian pictures. They came about as the result of some badinage between father and son. Kip was rather dubious about a Monet of water lilies that Malcolm was planning to buy in the late 1960s for \$100,000. He pointed out that for one routine Impressionist the magazine could buy an unrivalled group of Victorian paintings which at that time were just starting to return to critical favour.

Malcolm gave his son his head, adding that he would not mind so long as the pictures were displayed well away from him. Today the 300 Victorian paintings are usually in Battersea, with many out on loan to

satisfy the current insatiable public appetite for Victorian art. The pictures hang from the walls in profusion, as in any late 19th century art-loving home. There are gaps—few portraits or landscapes for example, and little from the late 19th century social realist schools—but anyone soft on sentimental genre paintings, or neo-classical Academic art, will be well pleased.

At first Kip kept to paintings shown at the Royal Academy in Victoria's reign, but the limitation has slipped away. So has the \$100,000. Now Kip Forbes has to compete with his brothers for cash. It is largely determined by how well the magazine is doing.

With the original boat Kip acquired Waterhouse's "Marianne," depicting her being led to her execution, which now dominates the staircase; Tissot's "Goodbye—On the Mersey," and John Phillips' "The early career of Murillo," among 30 pictures bought in three months. Soon the desire to acquire a great, and by this time costly work—like Arthur Hughes' "A birthday picnic," forced Kip Forbes to dispose of 12 paintings.

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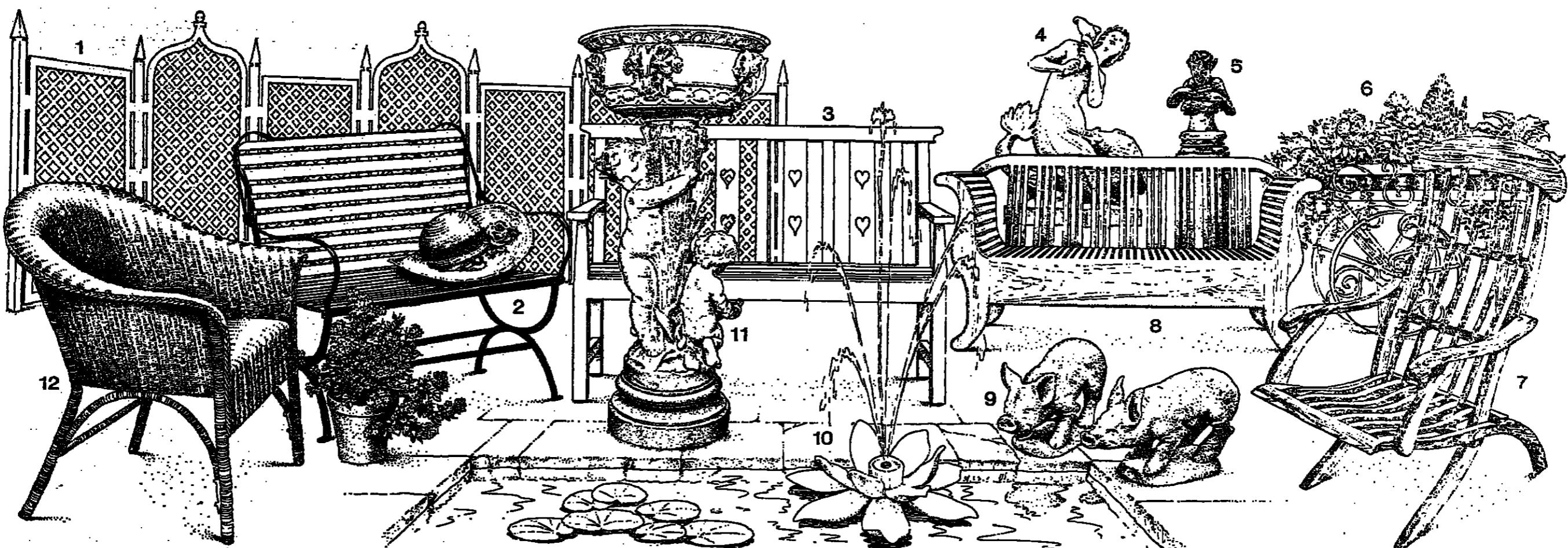
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DIVERSIONS



James Ferguson

Designed for summer living

IT SEEMS a far cry from the days when the smart garden was furnished with eye-searing colours and aggressively "moderne" shapes. While garden departments were alive with gaily decorated parasols and the kind of white plastic Today's nostalgic rulers. The spirits of Gertrude Jekyll and Edwin Lutyens hover over the English garden, more powerful and omnipresent than any contemporary garden guru.

The smartest gardens are furnished with antiques, in the gentle, curving shapes beloved of our Victorian and Edwardian forefathers. Needless to say, these are not as easily tracked down as modern production line numbers. Some good places to start searching for genuine rustic antiques are: Clifton Little Venice, 3, Warwick Place, London W8, which specialises in 19th century gothic and 18th century neo-classical pieces but there are lots of cast-iron, wood and stone pieces as well.

Robin Edan, Pickwick Corsham, Wiltshire, SN15 0JB sells genuine antique pieces in

his own Wiltshire garden—everything from Victorian wire-work furniture to sturdy park benches. He sells, besides, some good plain wooden garden furniture in the old Lutyens style.

Architectural Heritage at Boddington Manor near Cheltenham, Gloucestershire, is always a good place to go looking for things old, lovely and scarce, whether it be chimney pots or ornate wrought-iron benches, a piece of antique masonry or a fine garden seat.

T. Crowley and Sons, 282 North End Road, London SW6, and Crofters, Lydon Lodge, Bushy Common, Lydon Road, Ickworth, Middlesex, are two more places for those in love with romantic overgrown gardens—the sort that are sweetly disordered, that cry out for an over-sized Eros, ornate urn or a wonderfully over-the-top fountain.

Clifton Nurseries, 5a Clifton Villas, Warwick Avenue, London W8, usually has some antique pieces in stock as well

by the great English gardens, this is the sort of furniture that never looks out of place. It is simple yet decorative, and the range includes benches, tables and chairs. There is always a good selection at The General Trading Company, 144 Sloane Street, London SW1, but most good garden departments

branches, one at Dideot, Oxfordshire, at Cirencester in Gloucestershire, Osterley in Middlesex and Codicote in Hertfordshire. All sell everything the well-furnished garden could possibly aspire to, from a simple daybed to enough trellises to satisfy the gardeners at Kew.

Lloyd Loom furniture, the quintessential conservatory prop, has been snapped up in antique shops even in its most battered form. Lovers of the articles have been known to pay outrageous prices simply to own the genuine article. The General Trading Company, as I mentioned a few weeks ago, has a good selection of genuine Lloyd Loom, all painted white, but there are now very good reproductions, brand-new versions based on the old beguiling mould.

An old-established favourite to look out for is, of course, the Chatsworth Range, designed by David Milner, made in Chatsworth's own workshops. Inspired, as you might expect,

as a large selection of pots and urns, benches and tables.

Fortunately for those who find antiques too time-consuming to track down and too expensive to pay for, there is now a large number of companies producing accessories for the garden in the true English mould.

Prices begin at £69.50 for a table and go on up to £105.50 for a chair. Find them in one of the new Country Gardens

garden centres—there are four

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More conservatory furniture on a nostalgic theme comes from Jeffrey Gold, the architect behind Town and Country Conservatories. Made from willow grown in Somerset (the willow is known as commercially-grown willow in this country), the range features the curvy, soft, familiar shapes that all the best, most old-fashioned conservatories used to boast.

The white willow is picked in the spring, the buff-coloured willow in the autumn; which ever you choose the effect is seductively romantic.

For the moment there are three pieces—a two-seater sofa which sells for £225 (ex VAT), a chaise-longue which is also £225 (ex VAT) and an arm-

chair which is £125 (ex VAT). There are cushions for each piece, at £45 (covered) for the sofa and chaise-longue, £27 for the chair. Buy them direct from Town and Country Conservatories, 53 Edington St, London NW7 (tel: 01-609 9919).

Garden furniture derived from the grand old days of the luxury liners is irresistible. Usually made from sturdy wood, they are the perfect accessory for those who like to dream their summer

days away. Meg and Bernard Ellis spend most of their days making musical instruments, but in between they make perfect reproductions of the genuine steamer chair. Find it at Steamer Furniture, The Forge, Wigmore, Leominster, Herefordshire or at The Chelsea Gardener, Sidney St, London SW3. Prices are £149.95 for the chair and £64.90 for the footstool.

Finally, if it is not so much

Works, Perren Street, London NW5 3ED (tel: 01-485 3344).

8. Steamer chair, £149 (there is a matching footstool) from Steamer Furniture.

9. Stone piglets, hand-carved

in limestone, £207 each from Architectural Heritage.

10. The Lotus Fountain, £120 from the Landscape Ornament Company, Vossey House, Barley New Passage, Chiswick, London W4.

11. Handsome 5-ft tall cast-iron

centrepiece—just the sort of ornate wonder Architectural

Heritage can supply.

12. Lloyd Loom reproduction chair, £105.50 from Country

Gardens at Dideot, Cirencester, Osterley and Codicote.

Gardening: Robin Lane Fox cuts through a crisis

Ground worked in a jiffy



worked and there was only one way left out of the impasse. It would have to be rotavated. The options narrowed again: there is only one type of machine which can cope with the job. Useless to play around with the standard British cultivator, whose spikes whirr hopefully on the front of the chassis; it lacks the horsepower for a really heavy job. If you are cutting the grass, names like Merrytiller seem a hollow joke. You need about 15 horsepower, a machine with a truly deep cut, gears, and action at the back.

At this point the decision-tree forked into two. One side coincided with my belief that the Englishman's garden may be the envy of the world, but the Englishman's heavy garden machinery is several furrows behind America's. In the American garden, rotavating is accepted practice, and one of the heaviest machines happened to be marketed by the brother of my American publisher: would I like to collect his machine from Herfordshire? I said it was a machine with a powerful rotavator. A workman had done it for us

seller once told me, are shredded into little pieces and made into little jiffy-bags in which the next round of new books are sent out to reviewers. Now what with a possible wait waiting with a powerful rotavator? Would I find it in a shed full of all my unsold copies, waiting to be chopped into packaging?

Herfordshire, anyway, is a long way from me. From 12 years back, I remembered the creation of a rose-bed in a Gloucestershire reader's turf.

A workman had done it for us

in less than an hour with a

huge British rotavator, the Howard Super Gem.

Such memories are best checked with my senior colleague, Arthur Hellyer. He, naturally, had owned one, and endorsed it as a beautiful machine. Nowdays, the Howard Super Gem has become the Dowsenell Bulldog 650, made near Rugby. It costs at least £2,240, plus VAT. The

answer is to hire one. But if you try to hire one, the hirers fob you off with the under-powered six- or nine-horsepower version. The options narrowed again: I could only trace one in the Home Counties, owned by a landscape gardener who was willing, as a good sport, to hire it for a weekend.

Mind you, you should hire it with a practical driver. Even my practical driver had a battle of wills with the thing when it first reached the starting-tape.

All Hellyer's memories were correct. In only eight hours, we cut 10 beds, about 25 yards long, flanking five avenues. We broke the soil to a spade's depth and minced the surface grass

out of existence. Howard Gems were first made in Harleston, Norfolk. The machine you need is the Super Gem.

After three passes, Super Gem merely repeats itself. It leaves you with a broken, plantable tilth—better than anything you could contrive over Easter by using a spade. Of course, it is not a weed-killer.

The sunshine has since killed the bits of grass left on the surface; others have been raked off, but I will have to combat the new growth with a gly-phosphate compound, probably Tumbleweed. As it kills through the leaf, not the soil, it can be used among newly planted stock, if you are very careful.

Meanwhile, the goose's foot is radiating outwards. It is a slightly flat foot, because it has to be aligned with the garden's main axis: from the 45° angle it looks an unsteady foot, as if it was the deathstep of a goose whose "jaws" had been given the cognac before, not after, it was made into paté.

I have opted for grass avenues up to five yards wide, flanked by beds about four feet across.

They will house fastigate trees, spaced at three metre intervals, interplanted with clipped, scented shrubs. I am aiming for the effect you can see in the prints of 17th century French garden-books by Blon and Mollet, published by Le Notre. Le Notre had had a Super-Gem, even Versailles might have been finished more quickly.

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David Morris

ADAM AND COMPANY PUBLIC LIMITED COMPANY COURT OF SESSION, SCOTLAND

IN the Petition at the instance of Adam and Company Public Limited Company, Incorporated under the Companies Act 1985, before the Sheriff of the County of Edinburgh, holding its Registered Office at 22 Charlotte Square, Edinburgh, for an Order Sancctioning a Scheme of Arrangement under the Companies Act 1985, the following Interlocutor has been pronounced of which information is hereby made:

Edinburgh, 1 April 1987
The Lord Justice Clerk, Appointing the Petition to be advertised once in the Edinburgh Gazette and once in the Glasgow Herald and Financial Times Newspapers, and appointing all parties claiming an interest to lodge Answer to the Petition, within twenty-one days after such advertisement.

Donald M. Ross

IPD

W. & J. Burges W/S

16 Hope Street

Edinburgh EH2 4DD

CHARITY COMMISSION
The William Leach Property Trust
The Charity Commissioners have made a Scheme for the winding up of the Capital, to be obtained from them at their Office, House, 57/60 Haymarket, London SW1V 4QX (tel: 265481-A1-L).

Treachery perfectly timed



are inundated with samples of destruction due to nothing more complex than cold.

What can be done about it? First and foremost do not plant out anything that is at all tender until the end of May unless you live by the sea or in some similarly favoured place.

Let all those tempting geraniums, begonias, petunias and lobelias lie in the shops to be bought by less prudent customers.

Not all the plants now so seductively displayed are at

risk from radiation frost. Pansies and violas should be entirely safe unless rendered artificially tender by being rushed along in high temperatures. Antirrhinums can stand a little cold and so can penstemons and marguerites. It used to be an essential part of nursery practice to harden off all such plants for several weeks before offering them for sale, but I doubt whether any of the big commercial producers now have either the labour or the space to cope with all that extra handling.

You would be most likely to find it happening in a little local nursery which grows all its own plants.

Fruit blossom presents totally different problems. Strawberries can be covered with polythene weighed down around the edges with soil or stones. Anyone arriving in Jersey by air this past two months might have supposed that large areas of the island had suddenly been covered with glass. It is, in fact, just

Arthur Hellyer

• ARTS •

Orca's *Yerma* is in London and Dublin, a Cuban play at the RSC

Sex and moral hypocrisy

AFTER LAST year's 50th anniversary of *Yerma*'s death, another major European writer is released from copyright restrictions. The pickings are rich already. Robert David MacDonald's triumphant version of *The House of Bernarda Alba* concludes its West End run on May 20 having collected a battery of awards and remouped its initial investment in under six weeks.

The great poetic folk drama *Yerma* is best remembered here in Victor García's trampolining production with Nuria Espert savagely erotic and despairing—in spite of all that bouncing about—as the barren heroine. Now English and Irish audiences can see *Yerma* full and unimpeded by a stunning design metaphor, which remains intentionally double-edged.

The National Theatre's *Yerma* in Peter Luke's takingly faithful translation opened in March and continues in repertory. The Abbey Theatre in Dublin introduced us to Frank McGuinness's new version in the Peacock auditorium on Tuesday night and related the piece, no question, to a local peasant drama tradition. Gone are the Andalusian metaphors of useless thistles and the parched plain where a thousand pair of oxen plough instead. McGuinness's *Yerma* is a refugee from the Yeatsian well of the saints, a bursting repository of untapped milk who could even end up believing that she has become her own son.

This extraordinary Catholic image, with its echoes of God the Father transmuting into his own Son, is posited by McGuinness in startling contrast to the secular reality of *Yerma*'s physical condition. Catherine Byrne, in a performance more notable for its bravado than its emotional power, tells the third act sorceress that she is a bitch on heat who wants to be a bitch on fire. And how many Irish mothers over the centuries, I wonder, have reprimanded their childless daughters with the conventional wisdom that if a woman wants to have children enough she will have them.

The religious superstition that inflamed *Yerma*'s art is still very much in evidence in Catholic Ireland. The director Michael Attenborough lays out the action on a bare grey square and makes only one serious error of judgement. This is the presentation of the fertility masque as a spare item in a Paul Taylor dance programme, an overtly erotic pas de deux executed by a little couple in tight wigs and body stockings. I do not request an Irish jig, but this sequence is at fearful odds with the rest of the evening.

The Abbey does not so much produce the play as serve it up raw, and once a little more intensity is injected into both Eosha Hogan's broadly uncomprehending husband, Juan, and Maurice O'Nionghe's blandly unconvincing Victor, the show will pick up the momentum it lacked on Tuesday night.

Meanwhile, Di Trevi's NT production has obviously picked up the steam it needed after

some unenthusiastic notices, including Claire Armitstead's on this page. The idea here is to recreate the Spanish environment and wrestle with the peculiarities—idea of parturition as a plan in a policy for women's liberation.

Julieta Stevenson redefines these emotional and intellectual imperatives with great gusto, suggesting that the indifferent quality of her sex life with Juan is the problem. But Miss Stevenson goes on from there to imply that the biological functions in general have induced in *Yerma* a severe psychological crisis. Roger Lloyd Pack's inglorious Juan is a man possessed, with work and beauty by his spinster sisters. *Yerma* wants too much. Whereas in Dublin, Miss Byrne merely embraces Juan in the great second act climax. Miss Stevenson rushes at Mr Lloyd Pack playing another haunted, cadaverous husband, John Rosmer. Rosmersholm is a chill Protestant sequel to the world of Lorca where instinct and passion are under threat but not forgotten. Both translations are exceedingly fine, and I have no doubt that they mark an important addition to the already impressive body of work—notably *Observe the Sons of Ulster Marching Towards the Somme*—from the playwright who is at the centre of the Irish theatrical renaissance, and probably its most important discovery since *Yerma*'s isolation from the festive of song and procreation and Miss Stevenson builds from here

to a dark and tremendous climax, the murder of her husband/son an act of orgiastic release.

The Dublin sparseness is a far cry from the NT's splendid design (by Pamela Howard) of the Coateside auditorium re-tempered as a corrida hung about with endless rows of white sheets, a mournful scene both the ecstatically vigorous washerwoman's chorus led by the admirable Jenny Galloway and the notion of public display on bed clothes after the consummation of marriage. The blood we see, though, is not caused by the rupturing of an hymen, but in an astounding moment when Miss Stevenson, like a grotesque inverted parody of *Lady Macbeth*, tears her hands in her own menstrual blood.

Frank McGuinness's Tuesday *Lorca* was followed by his Wednesday *Ibsen* on the South Bank. Roger Lloyd Pack playing another haunted, cadaverous husband, John Rosmer. Rosmersholm is a chill Protestant sequel to the world of Lorca where instinct and passion are under threat but not forgotten. Both translations are exceedingly fine, and I have no doubt that they mark an important addition to the already impressive body of work—notably *Observe the Sons of Ulster Marching Towards the Somme*—from the playwright who is at the centre of the Irish theatrical renaissance, and probably its most important discovery since *Yerma*'s isolation from the festive of song and procreation and Miss Stevenson builds from here

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Catherine Byrne as *Yerma* in Dublin, Juliet Stevenson in London and Janet McTeer in "Worlds Apart"

SELDOM HAS three hours in the theatre passed so quickly as do these three in the RSC's Barbican Pit auditorium. This sprawling, imperfect slice of Cuban life follows the fortunes of Cuban life follows the fortunes of a one-time land-owning family through 20 years around the turn of the century when the shackles of Spanish colonialism were being cast aside and the mantle of US self-interest assumed in its place.

Written in 1979 by Cuban exile Jose Triana partly in Havana and partly in Paris, *Worlds Apart* follows Lorca's example in taking the Vilea of the Irish theatrical renaissance, and probably its most important discovery since *Yerma*.

Michael Coveney

is drawn irresistibly towards hypocrisy and repression—of women by men, blacks by whites, but also, crucially, of daughters by mothers. It is a society where the men pick up syphilis in downtown brothels while their wives doggedly uphold the dignity of "mujeres honradas", where a feverish bacchanalian lust strains at the corsets of propriety.

This adaptation by Peter Whelan from Kate Littlewood's translation was premiered last September at the Other Place in Stratford, whence it transfers to the Pit with four changes in cast. Fortunately for the RSC's London following

Janet McTeer is not among them. Her performance as Victoria was hailed as one of the unforgettable highlights of the last Stratford season, and it is here undimmed.

Simultaneously passionate and fastidious, burgeoning from wide-eyed childhood to illicitly enjoyed sexuality and finally submitting to domesticity with her honest, if uninspiring husband (David Haig), McTeer gives an utterly compelling account of Latin American womanhood, and is nicely complemented by two of the newcomers: Anna Patrick as her long-suffering sister,

Claire Armitstead

Nick Hamm's direction, on a balconied set by Chris Dyer, captures the heartbeat of a society imprisoned by physical heat and moral dust, in which even Darlene Johnson's stern mother, Carmen, cannot resist a swirl of the gramophone. It is a credit to all that the assured surface of the play holds together as well as it does.

David Gant and Roger Hyams in "Abel Barebone and the Humble Company Against the Great Mortality" at the Traverse Theatre, Edinburgh



David Gant and Roger Hyams in "Abel Barebone and the Humble Company Against the Great Mortality" at the Traverse Theatre, Edinburgh

Scotch froth

For Glasgow the cloudless sky has been a pugnacious blue, for Edinburgh a gentle azure. The bright northern evenings (we emerged from the Citizens' Theatre into the still light Gorbals) are perhaps not ideal for luring theatregoers to the play, but among the host of productions for Glasgow's Mayfest a revival of Robert McLeish's *The Gorbals Story* is one of the safest bets; while in Edinburgh the Traverse, fresh from financial crises, pursues its crusade for new writing just off the cobbled Grassmarket where once they burnt heretics thus continuing the Scots tradition of combining instruction with entertainment.

By happy contrast, the first *Arden* to reach compact disc format is a cogent, professional well-rounded piece of work. The besetting sin in this opera is again, con amore slowness. By comparison with such masterly Arden conductors of the past as Kempe or Böhm, James Levine may err in this direction—the Opera takes time to get going—but for the most part the problem is firmly contained. The special lustre of the Vienna Philharmonic in this opera is as ever, nonpareil; one would find it hard to believe, from Levine's just blend of force and finesse, that tea-soppy Strauss's chamber scoring can sound.

The roll-call of cast names promises a fraction more than the singers themselves supply. Londoners know Tomowa-Sintow's lambent, womanly Adeline, particularly melting in "Ein Schönes war," and Battle's pert Zerbinieta; I don't feel that either was caught in fresh, easiest voice. Baltsa's Composer flashes with spirit and pungency, but the climactic radiance is edged with strain. The new American Heldentenor-elect, Gary Lakes, has the voice for Bacchus; closer attention to dynamic markings and a more certain command of German vowels will help fulfil the great promise. Among the small parts, Frey (a garrulous Harlequin) now turned into a wonderfully gentle Mum-Master), Otto Schenk's laudably dismissive Major-domo and the three well-blending nymphs (Barbara Bonney, Dawn Upshaw, Helga Müller-Mollnari) was much counteracted.

In a well-ordered world the record companies would have vied with each other to be the first to set this version down on disc. No such luck. The text performance on Philips by the Bavarians under Colin Davis is the staple "big-house" recitative *Faust*, plumped out with the arias for Marguerite and Siebel often cut, the Walpurgisnacht scene, and the ballet music (offered separately at the end). How ponderous and unidiomatic it now seems.

That impression is, alas, comprehensively fostered by Sir Colin's conducting. Clearly, he loves the score. All too clearly. For he lathers it on, recti, and all, in a sort of "affection" in which it all but drowns. The basic tempo of most scenes is achingly slow; worse, hardly any phrase passes without being doled out in a swoony ritardando or rubato.

Whereas the classic (now defunct) French vocal style developed its impulses—and, therefore, its adoption of "affection" in which it all but drowns. The basic tempo of most scenes is achingly slow; worse, hardly any phrase passes without being doled out in a swoony ritardando or rubato.

Without the conductor of Plácido Domingo risks the automatic dispensing of serious-minded folk ("Why doesn't he stick to what he does best?"). I approached the *Aldean Fiedler* determined to resist stiffness of any kind: a lively account of the work is welcome from whatever quarter, and a tenor who spent his formative years in a touring operetta company may well have gained some close insights into its mechanics. Such an open-minded spirit doesn't easily survive the listening. Domingo gets brisk, well-drilled playing but, in the process, misses most of the fun. The tick-of-the-wrist suavity, that art of making an infinitely smooth transition between sections (in, for example, the "Dieser Anstand" duet) by which Strauss's excellent musical wit is best demonstrated largely passes him by.

Without a velvet-glove lead from the conductor the patchiness of the performance shows through. There is an anachronistic weak Adele, and from Wolfgang Brendel, an only-so-so Falke. Domingo's Alfred (did he track it all in?) is warm but generalised, and much the same can be said for Lucia Popp as Rosalinde (rather than with top notes in the closing bars of the *Costas*). But young Peter Seiffert (Eckmühl) and Mr Popp (offstage) is a find, and Baltsa's Orlofsky is impossibly Greco-Slavonic and dashing. There is a medley of star turns in Act 2 (including a sumptuous Gypsy Baron duet from Popp and Seiffert)—quite decent, for those who don't mind the temporary disappearance of the plot.

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• WEEKEND FT REPORT •

GEORGIA, USA

Travel and Tourism

Georgia is as much a part of the history and mythology of the US as the Wild West. Georgia is Scarlett O'Hara, Rhett Butler, Sherman's march to the sea, King Cotton and Coca-Cola, Martin Luther King, civil rights battles and President Jimmy Carter. After the Carter presidency, tourism there took a dip, but in this three-page report, James Buchan looks at Georgia, 1987, and its drive to win more holidaymakers.

Something's new in the old South

INTERSTATE 75 runs from the top of Georgia to the bottom. The highway begins in the Appalachian mountains, crosses the rolling foothills known as the Piedmont, passes in view of Atlanta's skyline, and then runs out through peach and peanut country to Florida.

For many travellers, bound for Disney World or Miami, Interstate 75 is Georgia. It is not worth leaving the highway to look around. Many Americans seem to have got a bellyfull of Georgia, or at least of Georgia myths during the Carter presidency: fried chicken, hillbillies, racism and Billy Carter's gas station. Jimmy Carter's rejection in 1981 was one of the most crushing ever delivered under Martin Luther King.

Yet Georgia, the largest state east of the Mississippi, is also one of the most interesting. Its diversity is extraordinary. The north-eastern mountains, with

their dense woods of oak and hickory, and their cold trout streams, seem half a continent away from the vast and intriguing Okefenokee Swamp in the south-east. Savannah, one of the most beautiful towns in the world, seems just as far from Plains, Jimmy Carter's home town.

Georgia's history is just as far-flung, at least by North American standards. Founded as a colony in 1733, the last and poorest of England's colonial American adventures, Georgia was the scene of the shaping events of modern American history: the battle for independence, the experience of slavery, the civil war and, finally, the struggle for black civil rights under Martin Luther King.

Georgia suffered, in the summer and autumn of 1984, one of the most vicious and bloody campaigns in a bloody civil war. Yet a great deal is preserved.

Relics from the colonial era are all over Savannah and the islands. The middle of the road, from Atlanta to Macon, is littered with memorials of the plantation era and its disastrous end in war and depression.

On Auburn Avenue in Atlanta stands King's House, comfortable, respectable and clean as a church.

Georgia's people are just as diverse. The traditional social structure had not entirely vanished: poor whites, fundamentalist and anti-integration, the richer whites of Atlanta and the cities and the blacks themselves. In the rural counties of the mountains, there are pockets of hillbilly culture in spite of the invasion of resorts and second homes.

Baptist churches almost outnumber fast-food joints. "Free temptation and don't leave a forwarding address," one sign

exhorts the traveller. In Forsyth County, blacks were driven out before the Great War and have not been allowed back in. In Kenesaw, just north of Atlanta, possession of a gun is compulsory.

In contrast, Atlanta, one of the most dynamic cities in the south, is predominantly governed by blacks who have inherited a portion of King's moral authority. The government of Mayor Andrew Young and Jimmy Carter's United Nations Ambassador, would be considered liberal in the capital, usually disapproving American use. But his administration depends for support on the cooperation of the white business community.

For those people not content just to look at things, there is quite a lot to do. Two of the islands, St Simons and Jekyll, have been developed as social

resorts. Georgia claims to have some of the finest golf courses in the world, though a non-smoker will find heaven hard to enter than the Augusta National during the Masters Tournament. The mountains in the north offer riding, fishing, river rafting, even bear hunting; while there are wildlife preserves on the coast and in the Okefenokee Swamp.

Tourism in Georgia took a dip with the end of the Carter presidency, but the state still claims over 20m visitors a year who spend more than \$600. But many of these travellers are passing through to visit attending conventions and the Georgia Department of Industry and Trade wants to attract new tourists over the next five years. This involves spending \$4m a year by the end of the five years on advertising, marketing in Europe and Japan, and train-

ing for people working with tourists.

The potential for attracting overseas tourists has only increased with the fall in the dollar exchange rate. Georgia is fortunate in that Atlanta's

Hartsfield Airport, which runs direct flights to Europe and recently Japan. The airport claims to be the busiest in the world in terms of the number of aircraft arriving and leaving 2,000 a day, it is said. The airport opened in its present form only in 1980 and delays are frequent, but it is incomparably preferable to Kennedy Airport in New York.

Georgia's hotels are also much better than the run of the southern US. As a highly successful convention city, Atlanta has truly spectacular hotels, designed by the local architect and developer John Portman. These hotels, such as

the Hyatt Regency and the Marriot Marquis, are expensive and fun; their flamboyance, cloying hospitality, are surpassed in William Boyd's earlier novel, *Stars over Bonaire*, which is now being filmed in Georgia.

Outside Atlanta, the choice is varied. There are motels. There are always motels. In Savannah and other large towns, there are the usual large-chain hotels. On St Simons and Jekyll Islands, there are resort hotels. On Sea Island is The Cloister, a magnificent survivor of an age when Yankees flocked down to Georgia to escape the northern winter and enjoy a new craze called golf.

In several towns, old houses have been converted into bed-and-breakfast inns. These inns, such as the Foley House in Savannah, the Telfair inn in Augusta, and the Stovall House near Clarkesville, are bed-and-

breakfast in the elaborate New England sense. For British visitors, bills of \$100 or more will dispel any thought of the sea-front at Blackpool. The best way to travel, as everywhere in America, is by hire-car. The alternative is the bus.

The best time to visit Georgia is now. While summer temperatures reach extremes in the mid-90s Fahrenheit (mid-30s Centigrade), which is not much hotter than New York City, the spring and autumn are far more attractive. Azaleas bloom in Savannah in March, about a month later at the Callaway Gardens and in May and June in the mountains. Dogwoods flower from about the middle of April. In autumn, the trees start turning in the mountains in mid-September. Winters are brief on the islands, and warm enough for golf and tennis and wandering about.

Georgia began here. Among these cobbled streets and public squares. In the gabled row houses with steps scrubbed clean, their tiny gardens filtered through wrought iron. A model colony. The last of the original thirteen.

They call it the Colonial Coast—at one time the exclusive playground of the SuperRich, today pristine, undisturbed. Sanctuary to exotic plant and wildlife. And to the vacationer who seeks a bit of privacy with his sand and sea.

So come, meet us on the square. We'll stroll beside the bay, then set out along the highway. Past the rice plantations and moss-draped coastal towns, stopping here and there for a sun-drenched round of golf. And somewhere on an island beach, we'll catch the drift of the ocean's song. Weaving a silken memory to last your whole life long.

Send for your free vacation planning kit, including a special section on the Coast. And why not do it now, while it's on your mind? I am most interested in the Coast Mountains Atlanta Historic Heartland.

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GEORGIA
on my mind

... just an old sweet song...



It was the ultimate temple to the Silver Screen. And the city that had spent its Saturday afternoons under that dome of twinkling stars refused to let it die. Today, perfect acoustics intact and Byzantine splendor restored, Atlanta's Fabulous Fox again plays host to the grandest names in song, dance, theater, and film.

That is the nature of our Atlanta—to hold with passion to the past while charging headlong into the future. Graceful turn-of-the-century neighborhoods ring a Downtown of grand hotels, office towers, and glitzy restaurants. You'll find theme parks, ball parks, public parks—there's even a national park just a block from the heart of the city.

So come, pay us a visit. See who's playing at the Fox. Then settle back in that red plush seat and listen. We're playing our song for you.

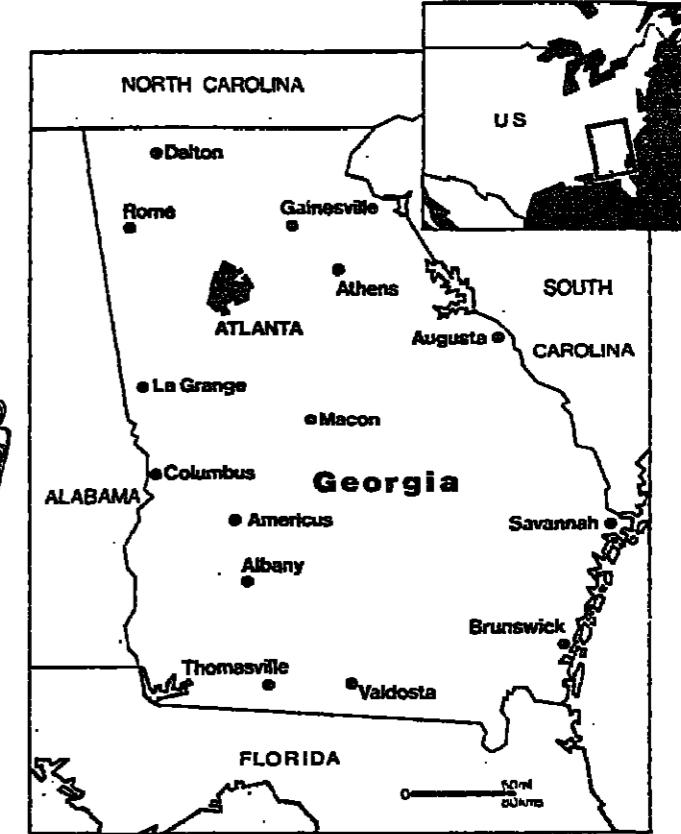
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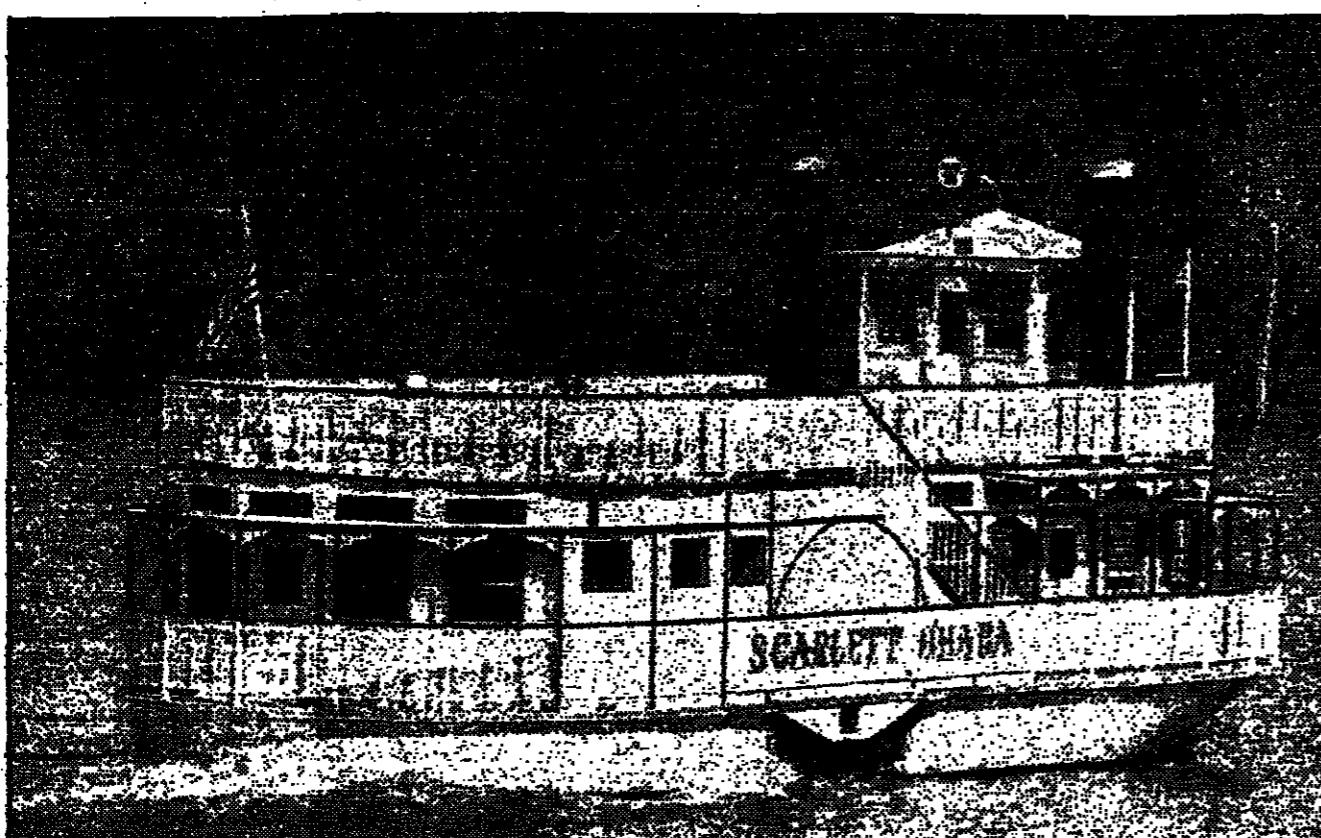
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GEORGIA
on my mind



WEEKEND FT REPORT



One way of doing it... steaming through Georgia

From Atlanta to the sea, 1987-style

IN DECEMBER 1864 Rufus Mead of Connecticut wrote home from Savannah: "We had a glorious old tramp right through the heart of the state, visited and feasted on the country, destroyed all the RR (railroad), in short found a rich and overflowing country filled with cattle, hogs, sheep and fowls, corn, sweet potatoes and syrup, but left a barren waste for miles on either side of the road, burnt, millions of dollars worth of property, wasted and destroyed all the eatables we could not carry off and brought the war to the doors of Georgians so effectively. I guess they will long remember the Yankees. I enjoyed it all the time, we had pleasant weather and good roads, and easy times generally."

Gen William Sherman estimated later that his march to the sea caused over \$100m in damage to what was a relatively poor state which had no business leaving the Union. Given the havoc wrought, which Georgians still speak of in awe, it is remarkable that anything much survived before Atlanta fell to Savannah. In fact, the heart of Georgia is scattered with moderately sized towns with houses and streets surviving from before the Civil War.

Six of these towns make up what the promoters of Georgia tourism call the "Antebellum Trail": from Atlanta in the north, through Madison, Milledgeville, Clinton to Macon in the south. But other towns, such as Augusta, Washington and Columbus, have something to offer. As a

guide in Macon put it: "You want white columns, we got white columns."

The best way to see these towns is by hire car: preferably a large one, American and not very responsive, for Georgia is a large state with good roads but long distances between towns. The local religious and gospel music stations help while away the journey when the slash pine woods on each side of the road seem to go on for ever.

As much as any in America, these Georgia towns truly sell

themselves to the visitor. They have adopted the art of the superlative. Each town stakes a claim to uniqueness with such precision that no other town could contest it. Stone Mountain is the Largest Exposed Mass of Granite in the World. Albany is the Quail-hunting Capital of the World. Waynesboro is the Bird Dog Capital of the World. Homer is the Home of the Largest Easter Egg Hunt in the World.

Macon is the Cherry Blossom Capital of the World. This claim actually raises eyebrows, since Washington, DC, is better known for its flowering Japanese cherry trees. But Macon is unapologetic. It says it has 20 times more trees than Washington and that is the end of it. This year, cold weather delayed the flowering of the trees but this did not stop the

care of such redoubtable organizations as the Colonial Dames of America or the United Daughters of the Confederacy. The Cannonball House displays sorority portraits. But the conservation movement which first gained strength in the 1960s, is in full career in Georgia and has engulfed even the real estate industry.

In Columbus, a textile town on the border with Alabama, old houses have been lifted up and moved bodily to a downtown Historic District at the cost of about \$15,000 per house. In August, an entire block of rundown old houses has been converted into a hotel, the Telfair Inn. Appropriately in the home of the Masters, breakfast is delivered by golf-cart.

This new passion for the old can go too far. Visitors are occasionally shown buildings of very

modest architectural distinction and then regaled with information on the weight of the chandeliers or the square footage of the wine-cellar. A short tour should probably take in only Macon, Madison and the houses outside Washington associated with the two leading Georgians in the Confederacy, Robert Toombs and Alexander Stephens. Near Thomasville, in the extreme south-west, is the Pebble Hill Plantation, with a fine house open to the public. Pebble Hill was one of many rich plantations later sold to Northerners as shooting boxes for the local quail, dove and deer.

The town, which retains a military precision and simplicity, was laid out by another general: James Oglethorpe, the founder of Georgia, who chose the site on a low bluff above the Savannah River. "I fixed upon a healthy situation about 10 miles from the sea," he wrote to the trustees of the new colony in early 1733. "The plain high ground extends into the country five or six miles, and along the river-side about a mile. Upon the river-side in the centre of this plain I have laid out the town."

Oglethorpe's plan could not have been simpler: a set of "wards" arranged around a small square with public buildings and residential plots, placed neatly one beside the other as the town expanded. Even the cemetery, fit with the victims of the yellow fever that plagued the town in the early 19th century, is in the form of the square.

Oglethorpe laid out the town, King Cotton filled it. Big cotton rafts, known as cotton bales, were piled millions of bales down from Augusta to the sailing ships tied up at Savannah for shipment to the mills of Lancashire. As early as 1805, Savannah's cotton merchants—or factors—were handling a quarter of all the American cotton passing through Liverpool and the cotton price was made on the Savannah wharves.

Although the cotton has vanished, the atmosphere of this time has not entirely fled. On Factor's Walk beside the river, ornate iron bridgeways connect what were once the factor's offices with Bay Street and the town.

The town survived the descent in December 1864 of Gen Sherman, who had already taken Atlanta and was marching across Georgia on his famous march to the sea. The Confederate army slipped quietly away by night and Sherman accepted the town's prudent surrender. In a telegram to President Lincoln, Sherman wrote: "I beg to present to you as a Christmas gift the city of Savannah, with 150 heavy guns and plenty of ammunition, also about 25,000 bales of cotton."

But Savannah could not survive the collapse of the cotton market at the end of the 19th century. Cotton had traded at a dollar a pound at the end of the Civil War. In 1880, it was selling for 4 cents a pound. The town entered a long period of decay.

However, the ruling class that presided over Savannah's deterioration also helped cause its regeneration. In 1935, a

SAVANNAH IS like no other town in North America. In describing the place, Americans often become tongue-tied. They talk about irregular blocks, one-way streets and difficult parking. Even Gen. William T. Sherman, the Union commander who might have burned the town but did not, became uncharacteristically imprecise in trying to describe Savannah: "Its streets perfectly regular, crossing each other at right angles, but at many of the intersections were small inclusions in the nature of parks."

Yet to Europeans, Savannah is hauntingly familiar. Like many 18th century towns in Europe, it is laid out around a series of garden squares. Around these squares are neoclassical churches and houses with porticos, fanlights and wrought-iron railings. The place looks a little like Dublin.

But it is Dublin under some tropical sun. The town is slow.

The town is slow. The square gardens are shaded by immense evergreen oaks, which dangle grey Spanish moss on banks of azaleas and camellias.

The contrast between this southern torpor and luxuriance and the sober Georgian English or New England architecture is startling. Even Sherman was impressed. "These streets and parks were lined with the handsomest shade-trees of which I have knowledge, the willow-leaved live oaks, evergreen oaks of exquisite beauty; and these certainly entitled Savannah to its reputation as a handsome town more than the houses, which, though comfortable, would hardly make a display on Fifth Avenue or the Boulevard Haussmann of Paris."

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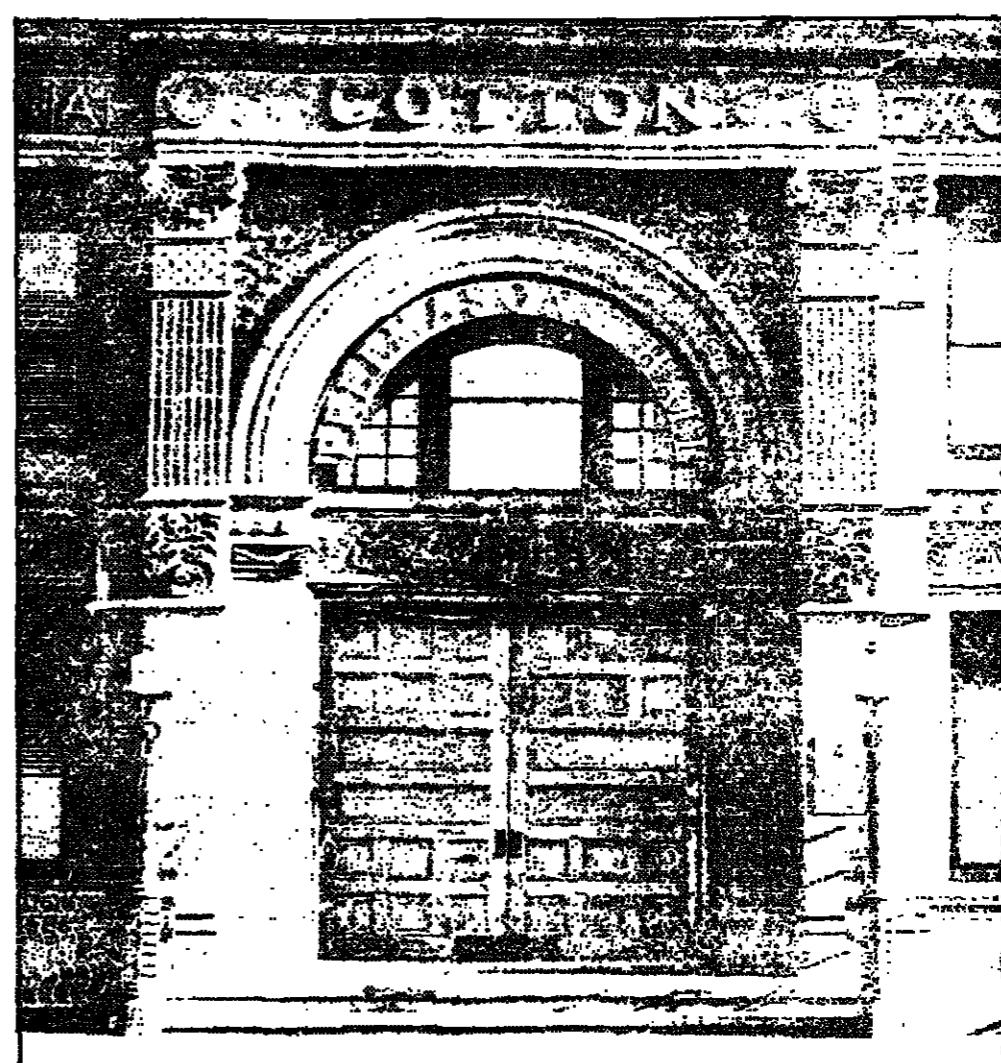
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Savannah... where even General Sherman was impressed

Georgian Georgia



A piece of the old South... Savannah's Cotton Exchange

THINGS TO KNOW

INTERNATIONAL FLIGHTS

INTO ATLANTA
Brussels, Belgium
1 Flight per day

London, England
2 Flights per day

Paris, France
2 Flights per day

Frankfurt, West Germany
2 Flights per day

Research Associate: Rivka Nachoma

For information on hotels, tours and so on in the towns of central Georgia, contact:

Atlanta (404) 585-6500

Athens (404) 549-6800

Augusta (404) 722-6421

Columbus (404) 322-5113

Macon (912) 742-2401

Madison (404) 342-4454

Washington (404) 578-2013

For further information: Atlanta Convention & Visitors Bureau (404) 521-6500
HOW TO GET THERE:
Hartsfield International Airport: 12 miles from city centre.
Amtrak: Peachtree Station.
Bus: American Trailways, Greyhound, etc.

WHERE TO STAY:

Atlanta Hilton: (404) 553-2300

Hyatt Regency: (404) 577-1234

Westin Peachtree: (404) 559-1400

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WEEKEND FT

MOUNTAINEERING

IT WAS like being in a tin drum with a hundred hammers hammering it from the outside. There was no question of sleep. The wind, an icy white film, forced its way through the zip entrance and spread over our sleeping bags. The walls of the tent, compressed by the build-up of snow outside, slowly pushed in on us until we could no longer turn jammed together like a pair of sardines nose to tail in the tiny confines of our tent. I wondered whether it would last the night and, if it was ripped apart, what the hell we'd do.

But it did survive and by dawn the sky above was clear although banks of cloud were lying in ambush around the peaks opposite. The sky and mountains had a cold, metallic quality, warning of the storm to come. There was no longer any question in the minds of either Jim Fotheringham or myself. We had to get back down while we could.

We had reached base camp below the North Face of Menlungtse on March 25, 10 days behind schedule because of the difficulties of the approach, but at least we were finally acclimatised to the altitude since we had already spent so much time between 4,000 and 5,000 metres. We set out on our first recce on March 27 to look at the north side of the mountain, walking up long moraine slope towering above the glacier to the north of Menlungtse but there was no hope on that side.

The following day we set out to explore the southern aspect. We knew from photographs taken from Nepal that the southern aspect looked more promising. The four ridges dropping down from the high ramparts of the southern aspect all appeared steep and difficult but the route that gave the greatest chance of success was more a buttress than a ridge.

Three days later, on April 2, we were at 17,200 feet at the foot of the buttress. We had decided to use some fixed rope, both to make it safer for the descent and give us a higher jumping off point before committing ourselves to an Alpine-style push for the summit.

The approach to the foot of the buttress was frightening. Bjorn Myrer-Lund, our best rock climber, surged into the front, leading across steep granite slabs, trailing the fixing rope behind him. I brought up the rear, anchoring the rope to the pinnacles so that we could use it as a hand rail as we passed back and forth.

Chris Bonington describes the hazards and heroics of an Anglo-Norwegian climb in Tibet

Menlungtse remains unconquered

This led to a stretch that was little more than walk but there was no hope on that side.

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The four ridges dropping down from the high ramparts of the southern aspect all appeared steep and difficult but the route that gave the greatest chance of success was more a buttress than a ridge.

The following day we returned to the foot of the ridge with our tents and food but we still had some fixed rope to run out. On April 5, carrying just the climbing gear and rope, we started to put the rest of the rope in place. This took us to the rocky crest of the buttress and immediately progress slowed. What had looked like solid rock soon became turned out to be a terrifying pile of shattered blocks. Jim led one pitch. It was slow and frightening work, for nothing was secure. There was the constant threat of dislodging one of the huge rocks, all of which weighed several tons. The next steep pitch was even slower.

Bjorn announced: "If the rock doesn't get any better, I'll be dangerous. The weather still appeared settled. Jim and I built a platform for our tent, carving the top off a small crest

push on and felt that we had already put as much into this climb as it was worth going further in the hope that conditions would improve. It was about time I led a pitch and away, so I started up the broken ridge. The difficulties had eased and the rock was marginally more sound. We climbed on for another four or five rope lengths until we had used up both our fixed rope and our four climbing ropes, before dropping back to our camp at the foot of the ridge.

Now it was time for summit attempt. Next morning, heavily laden with food for six days, cooking stoves, gas cylinders, tents, sleeping bags and space clothes, we set out for the top of our fixed ropes. By late afternoon we had reached the previous day's high point and had picked up the climbing ropes, so we needed for the rest of the ascent, thus cutting the "umbilical cord" that linked us with the safety of the ground.

Clouds had piled up during the afternoon but didn't look dangerous. The weather still appeared settled. Jim and I built a platform for our tent, carving the top off a small crest

of snow and building it out with flat rocks piled one on top of the other. Odd Eliassen and Bjorn were camped several metres above us. They had run out of further rope length and were so far up the ridge that they had to use a long line to get to us. Jim collapsed onto his knees, clutching his head.

"I've been hit," he muttered.

It was lightning. We couldn't have been more exposed and yet there was nothing we could do about it. We judged the ledge big enough and erected our tiny tent. By this time it was snowing hard. And now the wind began to rise, screaming and hammering out of the west, tearing and clutching at the tent.

At last we were ready. It was my turn to lead and the difficulties had eased. I pulled round an overhang on the ridge, picked my way up the huge granite blocks until Bjorn warned me that I had nearly run out of rope. A short steep pitch and the rock was on snow.

We were making faster progress now but the clouds, almost unmoving at our campsite, had come in and covered the ridge. It was three in the afternoon and already it was beginning to snow. Bjorn was now another two rope lengths ahead, having by-passed another rock tower and approaching the next. I was beginning to dig out a ledge. As I did so the wind slowly

built up. This wasn't just afternoon cloud and snow. It was something much more ominous. Jim and I were digging into the crest of a steep narrow snow ridge, and then suddenly we were aware of a high pitched buzz all around us. Jim collapsed onto his knees, clutching his head.

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The following morning the wind was as fierce as ever. Bjorn and Odd's tent had been torn to shreds and they had to sleep in their site. Our tent had survived but we were battered by the experience and resigned to retreat while we still could.

Retreat was no easy matter.

We were now about nine rope lengths above the top of the fixed ropes we had left in place. Chastened, I clipped into the abseil ropes and started down to join the others. I didn't tell them anything until the following day.

It was late afternoon when we reached the foot of the ridge at our first camp. Without discussion, we stripped the site and prepared everything back down to the valley, a further three thousand feet below.

We began to plan again.

Surely there must be a better route up the mountain? We hadn't really examined the far south east ridge which led straight to the summit. Maybe that could give us a chance. On April 13, Jim, Odd, Torgeir Fosse and Helge Ringdal set out to make a recce. Bjorn and I also took down our tent and abandoned our haven.

I was the last to go down, had a few feet to go to reach the abseil rope and decided to make a short abseil from the snow stake we had used to secure our camp. I clipped the double rope through the karabiner, leaned back, and suddenly I was tumbling backwards. "God—! I've had it!"

My reflexes took over. As I somersaulted past the main abseil point, I managed to grab the rope, felt it tear through my fingers, and managed to hang on and my uncontrolled fall stopped. It was only then that I had time to assess what had happened. I'd pulled out the snow anchor. I had a feeling of shame at my mistake but then I came across an even more interesting track.

It seemed that of a hipped—



similar to, but smaller than the tracks photographed in 1952 by the famous mountain explorer Eric Shipton, who was probably, with Michael Ward, the first European to penetrate the Menlungtse Valley. Odd and Helge photographed these tracks and described them to Kusang, our Tibetan assistant. He told us that they could be the tracks of the "chinti," which is a small version of the yeti—at least they had discovered something.

We decided to return to our original route, fixing the remainder of our rope so that we could have a higher jumping off point. We returned to the fray on April 16, spent two days re-climbing the dimensions of the ridge, and leaving a line of fixed rope and leaving a line of fixed rope behind us. However, at the end of the second day we were hit by another thunder storm and retreated first to advance base and then all the way back to base.

The following morning the weather seemed to improve. We rushed straight back, frightened that we might have lost a window in the weather pattern—went from base at 13,000 feet to Camp 1 at 17,200 feet in a single day and on the following one, April 22, climbed the ropes we had fixed to the previous high point at 20,000 feet.

We got there just before dusk. We now had plenty of food and fuel, dug out tent well in and felt safe set up for a push towards the summit. But the wind had built up into a crescendo of terrifying force.

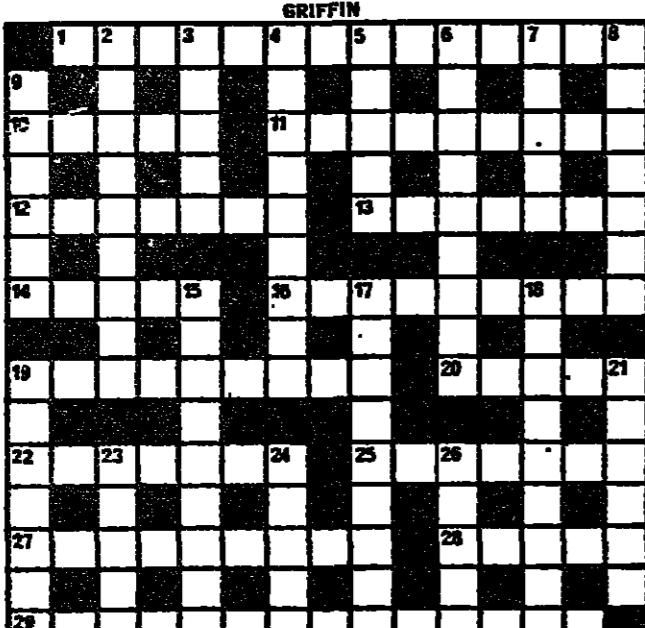
The following morning, shaken and exhausted, we fled. We got out just in time, for the weather deteriorated still further. We were glad to be alive. We had come through a close knit and very happy camp, had seen a beautiful wild and unspoilt region and had given our best to one of the steepest and most attractive unclimbed peaks in the world.

I want to go back and want to find a way through Menlungtse's defences with that group of close friends.

The Menlungtse expedition was co-sponsored by the Financial Times.

FT CROSSWORD PUZZLE No. 6,322

GRIMM



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solutions next Saturday.

ACROSS

1 Improvised foreign poem adapted and included (14)

10 Student enters tower when in sunny (5)

11 Discount on every ring we can order (9)

12 Lodge is turned into warehouse (7)

13 Children dread entering something found on beaches (3-4)

14 Quiet about fate of animal (5)

15 Against merciful rival (6)

16 Predecessor procures new back door (9)

20 Back street plant producing matches (5)

22 Etude to get boiled stew around midnight (7)

25 Sincere Parisian is embracing English composer (7)

27 Ena's wandering round Gateshead after monster plant (9)

28 Since it's awfully wet outside, refuse (5)

29 Superior act ends with lament sildon (14)

DOWN

2 The unknown Doctor Hope only plays music (9)

3 Brings in sailors in a rough sea (9)

4 Customs costs operate internally (6)

5 Redhead ought to take the French parts (5)

6 Spy after information from shopkeeper (9)

7 Cat one times going outside, you say? (5)

8 Willow South Bank (7)

9 Rocky is sad about English actor's remarks (6)

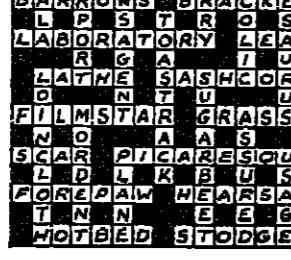
10 Rough sort of girl gave you the time (9)

11 Sister made sounds like natty (9)

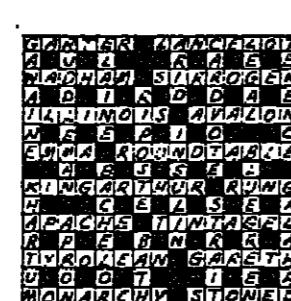
12 Sipper, say, to shift indigestion (6)

13 Support the replacement tipster (7)

Solution to Puzzle No. 6,321



SOLUTION AND WINNERS OF PUZZLE No. 6,317



Mrs B. R. Smith, Honley, Hud-

dersfield; Mrs A. Confer-

ton, N.W.; Mrs M. Woods,

Chichester, Sussex; Mrs Mar-

garet Lawson, Saltburn, Cleve-

land; Mr John E. Brown, Wins-

combe, Avon.

181 500 words. 10.15 Starts: Release: Hummel's Piano Concerto in B minor Op 26 and Beethoven's Symphony No 5. 10.30 The Grumblyweds Show. 10.45 Alfie. 11.05 The Price Is Right. 11.30 The Grumblyweds Show. 12.05 Paragon Duo-to-Orchestra. Spike Milligan. 12.45 LWT News Headlines, followed by Movie Premieres: "Children of the Corn," starring Perez Hilton. 12.45 am Kois Krishnamurthi at Devil's Lake.

CHANNEL 4

10.30 am Family-Mass. 9.35 Dogtanian and the Three Musketeers. 9.30 It's Wednesday. 10.35 The Grumblyweds Show. 10.45 Alfie. 11.05 The Price Is Right. 11.30 The Grumblyweds Show. 12.05 Paragon Duo-to-Orchestra. Spike Milligan. 12.45 LWT News Headlines, followed by Movie Premieres: "Children of the Corn," starring Perez Hilton. 12.45 am Kois Krishnamurthi at Devil's Lake.

CHANN

EL 10.30 am The Price Is Right. 11.05 The Grumblyweds Show. 12.05 Paragon Duo-to-Orchestra. Spike Milligan. 12.45 LWT News Headlines, followed by Movie Premieres: "Children of the Corn," starring Perez Hilton. 12.45 am Kois Krishnamurthi at Devil's Lake.

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IBA Regions as London except in black and white

IBA 1 9.30 am Peter Pan. 10.00 Escape From Schubert. 10.45 LWT News Headlines. 11.05 The Price Is Right. 11.30 The Grumblyweds Show. 12.05 Paragon Duo-to-Orchestra. Spike Milligan. 12.45 LWT News Headlines, followed by Movie Premieres: "Children of the Corn," starring Perez Hilton. 12.45 am Kois Krishnamurthi at Devil's Lake.

IBA 2

10.30 am Peter Pan. 11.00 Escape From Schubert. 11.45 LWT News Headlines. 12.15 The Price Is Right. 12.45 The Grumblyweds Show. 1.00 The Grumblyweds Show. 1.30 Paragon Duo-to-Orchestra. Spike Milligan. 1.45 LWT News Headlines, followed by Movie Premieres: "Children of the Corn," starring Perez Hilton. 1.45 am Kois Krishnamurthi at Devil's Lake.

IBA 3

10.30 am Peter Pan. 11.00 Escape From Schubert. 11.45 LWT News Headlines. 12.15 The Price Is Right. 12.45 The Grumblyweds Show. 1.00 The Grumblyweds Show. 1.30 Paragon Duo-to-Orchestra. Spike Milligan. 1.45 LWT News Headlines, followed by Movie Premieres: "Children of the Corn," starring Perez Hilton. 1.45 am Kois Krishnamurthi at Devil's Lake.

IBA 4

10.30 am Peter Pan. 11.00 Escape From Schubert. 11.45 LWT News Headlines. 12.15 The Price Is Right. 12.45 The Grumblyweds Show. 1.00 The Grumblyweds Show. 1.30 Paragon Duo-to-Orchestra. Spike Milligan. 1.45 LWT News Headlines, followed by Movie Premieres: